Austria Sch22	Indonesia ... Rp3100	Portugal Esc100
Bahrain Din0.650	Israel NS3.50	S.Arabia Rls6.00
Belgium BFr48	Italy L1600	Singapore ... S$4.10
Canada .... C$1.00	Japan Y600	Spain Pta125
Cyprus .... C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr8.00
Egypt .... E£2.25	Lebanon ... $L100.00	Switzerland. SFr2.20
Finland Fmk7.00	Luxembourg .. LFr48	Taiwan .... NT$85
France FFr6.50	Malaysia Rin4.25	Thailand Bht50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong.... HK$12	Netherlands... Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr7.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

ø No. 30,313 Monday August 17 1987 D 8523 A

Unemployment in Japan: a question of honour, Page 11

World News

S. African miners to discuss violence

Leaders of South Africa's 300,000 striking black miners agreed to meet the country's biggest mining house, Anglo American to discuss how to reduce rising violence in the week-long stoppage.

But Mr Cyril Ramaphosa, general secretary of the National Union of Mineworkers, vowed the strike would continue until all the miners' demands were met.

Starvation in Sudan

Some 440 people have starved to death in Sudan's southern province of Bahr al Ghazal, the Sudan News Agency (Suna) reported.

Lebanon car bomb

A car bomb killed three occupants of the vehicle and a 10-year-old boy at the roadside, near the south Lebanese town of Tyre, when an explosive charge ripped the car to fragments.

Indian drought

The Indian Government expects at least 15m people living in rural areas to be put out of work by the drought affecting the country. There are shortages of water and fodder because of the late monsoon. Page 3

Lavi decision delayed

The Israeli cabinet delayed decision whether to continue development of its Lavi warplane amid pressure from Washington to scrap the costly project. It was the seventh time a decision on the jet fighter has been postponed.

Vietnamese refugees

Urgent talks between British government representatives and Peking have cleared the way for officials from Hong Kong to open discussions on how to repatriate thousands of Vietnamese refugees who recently arrived from mainland China. Page 3

Clashes in Korea

Riot police in Seoul clashed with anti-government demonstrators who called for the release of political prisoners, higher wages for workers and democratic trade unions. Marchers were swiftly dispersed with tear gas when riot police moved in. Page 3

Grenade attack

Communist guerrillas attacked two police precincts in Bacalod, 300 miles south-east of Manila, with grenades and firebombs killing two people and wounding at least four. It was the first attack on the city since the Communist insurgency began in the Philippines 18 years ago.

Colombo on alert

Thousands of police are to be moved into Colombo and troops will be put on alert after intelligence reports warned of planned mass protests against Sri Lanka's ethnic peace accord.

Emergency landing

An American Airlines Boeing 767 with 175 passengers on board made an emergency landing at Frankfurt airport when an engine caught fire 10 minutes after take-off. No serious injuries were reported.

Nagasaki march

About 5,000 people of Nagasaki, which was devastated by an atomic bomb in 1945, held an annual peace march calling for the abolition of nuclear weapons.

Khan flies home

Pakistani politician Abdul Ghaffar Khan returned home from India where he spent several months being treated for a heart ailment. He was in a state of semi-consciousness after slipping into a coma last month.

Solidarity services

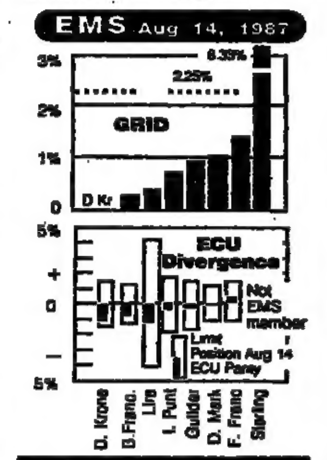
Solidarity leader Mr Lech Walesa attended services marking the seventh anniversary of strikes which launched the independent trade union in Poland.

Business Summary

UK retail sales show strong gain in July

UK RETAIL SALES growth may be accelerating, the latest Confederation of British Industry/Financial Times survey shows. Sales of leading retailers for July surpassed expectations, and August figures are also likely to be strong. Page 12

EUROPEAN Monetary System: Pressure increased in the system last week as the Danish kroner continued to fall and replaced the Belgian franc as the weakest currency. The Bank of Italy was reported to have sold D-Marks for lira during the week, and although the French franc remained at the top of the EMS, the sudden weakness of the dollar on Friday, pushing up the D-Mark, increased speculation about an early realignment. Late September, after the IMF/World Bank meeting, was suggested as a likely time.



The chart shows the two constraints on European Monetary system exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (Ecu) itself a basket of European currencies.

GENERAL MOTORS expects to sign its joint venture with Isuzu, the Japanese vehicle manufacturer, aimed at revitalising the company's troubled van plant at Luton, north of London, late next month or early in October. Page 12

BRITISH trade unions are in "remarkable" financial health despite substantial membership losses, according to an unpublished government study. Page 4

UK Government is being urged to scrap the statutory national dock labour scheme, Page 4

BRITISH TELECOM is losing its share of both the business and the domestic telephone market, says MZA marketing consultancy.

MIDLAND BANK: members of the Bifu union will be ballotted on strike action if Midland does not improve its pay offer of at least 5 per cent. Page 4

NATIONAL SAVINGS attracted a net cash inflow of £17.8m ($28.1m) last month, down from £42.5m in June but similar to the March and April figures.

VENEZUELA said US banks offered to step up short-term trade credit lines to around $3.75bn from $3bn.

URBAN Development Corporations are expected to face calls for tighter government controls from the National Audit Office, the parliamentary watchdog on public spending. Page 4

GOODMAN FIELDER and Wattie Industries, two New Zealand food groups, are confident their plans to merge will get early approval from the New Zealand Commerce Commission. Page 13

OVER 27,000 New Zealand investors have applied for 75m shares in Petroleum Corporation of New Zealand.

UNION BANK of Finland International of Luxembourg has created a new multi-currency unit in which its capital will in future be denominated. Authorised capital has been converted from LuxFr1.75bn ($44.8m) into 35m new units, which are based on a weighting of 40 per cent US dollars, 40 per cent D-Marks and 20 per cent Luxembourg francs.

Tehran threatens to launch attacks on Gulf pipelines

BY OUR FOREIGN STAFF

THE CONFRONTATION between the US and Iran took an ominous turn yesterday as Tehran extended a threat to all Arab oil exports from the Gulf region, including those carried by pipeline, and the US vowed to stand up to what it called Iranian intimidation.

Meanwhile, the two huge explosions which ripped through a big Saudi Arabian gas liquefaction plant on the Gulf coast just north of Bahrain on Saturday prompted speculation in the region that Iranian-sponsored saboteurs were responsible.

The Saudi authorities were swift to discount the possibility of sabotage, saying that a minor fire at the Ras al-Juaimah plant belonging to the Arabian-American Oil Company (Aramco) was caused by an "electrical fault". However, Mr Ali Akbar Rafsanjani, the speaker of the Iranian parliament, expressed approval of the explosions, attributing them to an intervention by God following the Mecca riot two weeks ago, in which 275 Iranian pilgrims are reported to have died.

Speaking to education officials in Tehran yesterday, Mr Rafsanjani made clear that Iran regards the planting of mines as its main weapon to harass foreign shipping.

Iran is widely presumed to have been responsible for laying mines in and around the Gulf in recent weeks, but there is no firm evidence. Mr Rafsanjani was quoted by the Iranian newsagency as saying: "We have a mine-producing factory which could produce mines like seeds."

Several more mines were found off the coast of the United Arab Emirates outside the Gulf yesterday following a mine explosion on Saturday which destroyed the supply vessel Anita. Six people on board the 156-foot Anita, including the British captain, are missing, feared dead, which occurred in an area used as a staging post for ships entering the Gulf, near where a US-owned supertanker, the Texaco Caribbean, was holed by a mine last Monday.

To counter the threat from mines, a US transport ship, the Guadalcanal, has arrived in the Gulf carrying eight Sea Stallion mine-hunting helicopters. Four British and two French minesweepers are also on the point of departing for the Gulf to assist British and French warships in the region, and Britain is negotiating with Oman and the UAE for support facilities for its ships.

Iran, which blames the US for planting mines outside the Gulf, also said yesterday that it had started minesweeping operations in the Gulf of Oman.

In a fresh threat of retaliation against Gulf oil exports, Mr Rafsanjani said Iran could stop Arab crude exported through overland pipelines. Both Iraq and Saudi Arabia rely to a significant extent on pipelines to export their oil. Threats to strike either Iraq's oil line through Turkey or the pipeline to Saudi Arabia's Red Sea port of Yanbu could intensify concerns about a possible escalation of the Gulf war in the oil market.

"If an incident happens in the Persian Gulf which halts (Iranian) oil exports from the region, regional oil will not be exported even through pipelines," Mr Rafsanjani was quoted as saying.

Iran has repeatedly said it will attack shipping and oil installations belonging to Iraq and its Arab allies if Iraq resumes its own air strikes against ships trading with Iran. Although there has been a lull in attacks at sea for the past month, Iraq again bombed oilfields in south-western Iran at the weekend, indicating that it has no intention of abandoning its pressure on the Iranians.

In Saudi Arabia, the Government attempted to play down the significance of the blasts which hit Aramco's Ras al-Juaimah plant. But residents as far

Syria urged to mend fences, Page 2

Continued on Page 12

Scandinavian telecom to launch data network

BY DAVID THOMAS IN LONDON

THE Scandinavian telephone authorities are setting up what is believed to be the world's first transnational telecommunications service.

This could pave the way for a similar venture now being considered by telecommunications authorities in all the main European countries.

Both projects concern managed data networks, at the heart of the convergence between telecommunications and computing.

These are private lines used by large companies for data traffic. They are mainly in-house at present, but are increasingly being used by companies to communicate with customers and suppliers.

The move by the telecommunications authorities into this area will pitch them into headlong competition with large computer and computer services companies such as IBM, Electronic Data Systems, a subsidiary of General Motors, and Geisco, a subsidiary of General Electric of the US.

The Scandinavian telephone authorities are establishing a jointly-owned subsidiary, incorporated as a private company in Sweden, to supply managed data networks on an international basis.

The company, called Scandinavian Telecommunications Services, will aim to cater for the private data needs of companies operating in any Scandinavian countries.

This means that big companies in Scandinavia will be able to order their requirments for their private data networks from one point. They will also be able to pay for these networks at the same single point.

Mr Lars-Erik Aaberg, the company's managing director, said he hoped it would begin operating at the start of next year, by which time all the participating countries should have been given the formal go-ahead, in some cases involving parliamentary approval.

Sweden will own 48 per cent of the new company, further details of which are given in the magazine Telecommunications. Denmark, Finland and Norway will have 16 per cent each, with Iceland holding 4 per cent.

Mr Aaberg said: "The reason we are setting this up is because we have experienced an increasingly competitive environment. We have to fight on the same terms and conditions as the big private suppliers."

Mr Aaberg said his company already had agreements to exchange traffic with Hong Kong, Singapore and Canada and was talking to the US.

He was concentrating on estabisihing international links first with countries outside Europe because he did not want to disrupt in any way discussions now taking place among all the main European countries about setting up a similar transnational service on a pan-European basis.

He hoped that if the Europe-wide project went ahead then his company would form the Scandinavian wing of it.

Quadrex chairman 'in position to raise Mercantile House bid'

BY CLIVE WOLMAN IN LONDON

MR GARY KLESCH, the chairman and owner of Quadrex Holdings, said yesterday that he had the finance in place to make a higher bid for Mercantile House Holdings, the UK financial services group which is the subject of a £550m ($869m) recommended offer from the British and Commonwealth Holding conglomerate.

After a weekend of meetings between the different parties stretching late into the night, Mr Klesch said that he would decide whether to raise his offer by no later than Wednesday. "I have not yet decided which way to swing," he said.

His decision largely turns on whether B and C decides to accept his offer for two of the components of Mercantile, Marshall and Company, one of the two leading international money-broking firms, and William Street, the US inter-dealer broker.

On Friday night, the Marshall management with its advisers, the US bank Manufacturers Hanover, submitted a proposal to buy Marshall from B and C. The leveraged buy-out would leave the management and staff of Marshall with a substantial minority stake. Another substantial minority stake, believed to be nearly 50 per cent, would be taken by CrownX, the Canadian insurance company, which acquired a 14.9 per cent stake in Mercantile in January. A much smaller stake would be held by an undisclosed third party.

Mr Michael Warren, who heads Marshall, said yesterday that CrownX's stake, which reflects its aim of diversifying its interests in financial services, would be a passive one leaving the existing management fully in control.

"B and C showed considerable enthusiasm towards our offer," Mr Warren said. "But they seemed to be concerned about the response from Quadrex, so we are still waiting for a reply." Last week, Quadrex made an offer to B and C to end the competitive bidding for Mercantile by purchasing from it Marshall and William Street. B and C's main interest is in Mercantile's fund management arm, Oppenheimer.

On Friday, Mr Klesch held a meeting with the directors of Marshall at which he outlined his proposals for the firm and answered their questions. He held a further meeting with Mr Warren on Saturday and also held exploratory talks with the directors of William Street.

However, Mr Warren said that the Mercantile directors had not been persuaded that there was any commercial logic in being acquired by Quadrex, which already owns another large moneybroking firm, R.P. Martin.

The strengths of the two companies were overlapping rather than complementary, Mr Warren said. Both for example have large shares of the dollar-D-Mark market.

Mr Klesch's proposal is to let Marshall be managed as an independent company.

Steps urged to liberalise high tech trade with East bloc

By Louise Kehoe in San Fransisco

US ELECTRONICS industry groups, supported by the US Commerce and State Departments, have proposed major revisions of US and CoCom export control regulations for microcomputers and related equipment that would dramatically liberalise high-technology trade with the Eastern bloc.

The proposals are understood to be 'on the table' at CoCom (the Co-ordinating Committee for Multinational Export Controls) meetings in Paris and in the US Administration, where they are said to have been well received by some, but not all, government departments.

The US industry proposals go much farther than the CoCom 'liberalisation' moves revealed last week.

While CoCom has agreed to allow exports of low-performance personal computers to the Soviet Union, the US proposals would cover far more powerful machines.

CoCom's recently revised regulations allow exports of microcomputers with a 'processing data rate' (a measure of the computer's speed and processing power) of up to 6.5.

The US industry wants to raise it again to 28, a move that would deregulate machines such as the IBM PC AT, a popular personal computer for business.

The industry group also endorses licensing 'at national discretion' powerful computers built around the latest 32-bit microprocessors, such as the Personal System/2 model 80 announced recently by IBM. Such machines have a processing data rate of 135.

The Industry Coalition on Technology Transfer (Icott), acoalition of the leading US computer and electronics industry trade groups, further recommends that export controls on computer peripherals typically used with personal computers should be decontrolled.

Current controls on Local Area Networks are 'particularly bothersome and unnecessary for low-level computers,' the industry group says.

Signal processing and image enhancement equipment, widely-used in medical and engineering applications, should also be less stringently controlled, Icott maintains.

Controls on Computer Aided Design and Computer Aided Manufacturing software should be limited to programs that are specially designed for the development and manufacturing of strategically sensitive items, the industry group suggests.

Current controls on artificial intelligence systems are much too strict, it claims.

US confusion over Central America plan

BY LIONEL BARBER IN WASHINGTON

MR GEORGE SHULTZ, US Secretary of State, is to meet today with US ambassadors from Central America amid growing confusion over whether the Reagan Administration supports diplomatic efforts to carry out a peace plan for the region.

On Friday, President Reagan's chief envoy to Central America, Mr Philip Habib, resigned abruptly after his request to travel to the area was turned down.

Mr Shultz - who favoured a lead role for Mr Habib, one of the State Department's most experienced diplomats - was overruled by the White House, according to several reports.

The Administration was caught off guard earlier this month when Nicaragua signed a Central American peace agreement which set out terms for a 90-day ceasefire, an amnesty for opposition leaders and a commitment to future democratic reforms.

US officials are now trying to find ways of protecting US security interests in the region - symbolised by the US-backed Contra rebels in Nicaragua - without scuttling an indigenous peace process.

Mr Shultz's discussions with senior US diplomats from the five Central American countries - Honduras, Costa Rica, Nicaragua, Guatemala and El Salvador - will aim to reconcile these conflicts and to define a US diplomatic role in the next few weeks.

The Administration, which openly doubts the Sandinistas' commitment to reform, wants guarantees against Nicaragua reneging on an agreement and becoming a platform for Soviet Bloc power.

An important deficiency in the Central American peace plan - largely the work of President Oscar Arias of Costa Rica - is that it does not specifically adddress the issue of Soviet Bloc aid.

A second key issue concerns future US military aid for the Contras. President Reagan, in a separate peace plan drawn up with Mr Jim Wright, Speaker of the House of Representatives and Texan Democrat, agreed to withhold a request until after September 30, when the current $100m runs out.

The White House says this commitment stands, but conser-

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Wall St firm in further inquiry

BY JAMES BUCHAN IN NEW YORK

DREXEL Burnham Lambert, the Wall Street investment firm which is already the target of a large-scale US Government investigation, is to undergo a new inquiry into its business practices, from casino regulators in Atlantic City.

The New Jersey Division of Gaming Enforcement said at the end of last week that it would investigete the firm, which is a major financier of the Atlantic City industry, for "the good character, business judgment and integrity" of its senior officials.

Mr John Hagerty, an official of the enforcement division, said that Drexel Burnham's "status and influence" in the industry made it imperative that the firm be licensed by the state's Casino Control Commission, which regulates the 12 Atlantic City casino-hotels and their suppliers.

"Any company that does business there must be licensed, whether it supplies napkins to the hotel or slot-machines in the casino," said Mr Hagerty.

"Drexel Burnham's impact in Atlantic City has been substantial. It has earned tens of millions in dollars in fees."

The investigation, which Mr Hagerty said could be "long and complex," is something of an embarrassment to Drexel Burnham, which is at the centre of a lengthy investigation by the Securities and Exchange Commission and the Justice Department into possible insider trading.

The highly successful and aggressive firm, which has underwritten more than $2bn in securities for such casino operators as Bally, Golden Nugget, Caesars World and Holiday, is the first investment bank to be required to obtain a commission licence.

Drexel Burnham, which at first argued that it was adequately regulated by the SEC, submitted to the inquiry last Wednesday.

"They require licences for any company doing more than $50,000 of business with a casino," said Mr Steven Anreder of Drexel Burnham. "We are major suppliers of capital."

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CONTENTS

Richard Gourlay reports on the plight of those living in Manila's worst urban squalor

Ekeing out a living on Smokey Mountain

WHILE PRESIDENT Corazon Aquino raised the curtain recently on Philippine democracy when she opened the new Congress, some of the 25,000 people who live off Manila's largest rubbish dump were already starting to lobby.

Only tight security prevented them from taking carts stacked with rotting garbage to the Congress building. Their message to a Congress, that has just been instructed to come up with a land reform programme within 90 days, was not to forget the urban poor. But they insist that the government help with "on-site development" and does not try to move them away from their livelihood.

In a city where squatting is widespread, Smokey Mountain is the worst example of urban squalor. It is estimated that of the 10m population of Manila there are about 2.2m squatters on land for which they have no title.

For the inhabitants of Smokey Mountain their livelihood is other people's rubbish. Last month when the Metro Manila Commission refused for four days to pick up the city's garbage because the mayor had not paid its bills, people in Smokey Mountain were more than usually worried.

It meant the loss of 200 garbage trucks a day, and to the scavengers where there is muck there is brass. Broken glass fetches about 1 US cent a kilo, electrical wire 6½ cents a kilo, cans and plastic about the same.

On a good day, explains Mr Alex Caballero, the chairman of the People's Council of Smokey Mountain, a man, woman or one of the 11,000 children below the age of 11 could earn $1.25. However, to them it is home.

"I feel very good here. We can eat three meals a day – we even eat between meals," said 64-year-old Mr Magdaleno de la Cruz, who is a fisherman in the village that once stood on the 10-hectare site that is now Smokey Mountain. The fisherman-turned-scavenger-turned-carpenter, who now runs a rickety store selling cigarettes and sweets, will never move away.

When the Marcos Government in 1982 moved him to a house 30 miles from Manila he had no job and fell ill. He recovered only when he moved with his family back to the garbage heap.

Little stilts lift the shacks that ring the 100-foot-high mountain above stagnant black water. Electricity, hot-wired from an overhead cable, runs bare lightbulbs and radios, but otherwise all appears temporary. Among the shacks there is a school, put up mainly by the donations of visitors.

Its walls proudly boast the first artistic efforts one usually finds in kindergarten. But, instead of castles and ships, their pictures show the only environment the children know, a brightly coloured mountain, smoking.

When there is no rain, the mountain smokes from spontaneous combustion which produces a poisonous methane. When there is rain, the smoke subsides, but the surface oozes bubbles noisily, emitting the same noxious fumes.

On a distant edge of the dump, like gulls in a ploughman's furrow, the scavengers pick over the rubbish that is pushed around by the government's bulldozers.

Garcia nationalisation plan strains ties with private sector

PERUVIAN PRESIDENT Alan Garcia's plan to nationalise private banks has strained his carefully-built relationship with the private sector and may deepen many of the problems it was proposed to solve, Reuter reports from Lima.

Mr Garcia's plan has been endorsed by organised labour and pleased his major political opposition, the United Left.

But most private sector leaders in Peru have condemned the plan, considered the most controversial domestic economic measure since land reform was instituted by a populist military government in the early 1970s.

Mr Garcia has ruled out widespread expropriations of private enterprise, but industrialists remain worried that their turn may be next. Within the tiny elite of Peru, many of the bankers are also captains of industry.

Analysts predict the mistrust will continue for the remaining three years of the charismatic 38-year-old president's term, increasing capital flight and dissuading domestic investment that helped Mr Garcia boost Peru's growth rate to an impressive 8.7 per cent his first year in power.

"There's no question that this is going to be depressing for investment and cause people to buy dollars," said Mr Richard Webb, a finance analyst and former Central Bank president. "The measure was a response to political difficulties but political difficulties are going to grow."

The nationalisation plan is being discussed by Congress, where Mr Garcia's American Popular Revolutionary Alliance Party (APRA) majority is almost certain to approve it. He has ruled out the expropriation of foreign banks.

Private investment was already slowing when the nationalisation was proposed

Mr Garcia's early economic success was partly based on his ability to convince businessmen that the left-of-centre APRA, which they traditionally mistrusted, would provide a good investment climate.

If private sector opposition causes a sharp drop in private investment, production losses could hurt jobs and make it difficult for Mr Garcia to deliver on his promise to use the nationalisation to redistribute national wealth, analysts say.

It would be difficult to force industrialists to produce without greater government controls or business expropriations, a measure several parties of the IU coalition have sought.

On Peru's political tight-rope, the open courting of the private sector with cheaper, more accessible dollars, looser import controls and less taxes has also incurred political costs – opposition from organised labour and the IU.

Khomeini link in sensitive trial

A RELATIVE of the chosen successor to Ayatollah Ruhollah Khomeini went on trial in Iran at the weekend on charges of murder, kidnapping and plotting to toppel the government, AP reports from Nicosia.

Mehdi Hashemi, former head of the Global Islamic Movement that is in charge of exporting the Iranian revolution, was also charged with weapons smuggling, according to the Islamic Republic News Agency.

After his arrest, the government claimed Hashemi had built up caches of cyanide and booby-trapped pens, shoes, and remote-controlled model airplanes to assassinate opponents.

An eight-count indictment was read during the first day's proceedings in a special Moslem court in Tehran, the Iranian agency said in a dispatch monitored in Nicosia.

There was no indication how long the trial would last. Most of the charges carry the death sentence on conviction.

The arrest of Hashemi last October had clouded the political future of Ayatollah Hussein Ali Montazeri, handpicked by Khomeini to succeed him after the 87-year-old patriarch dies.

Hashemi's brother, who is also Montazeri's brother-in-law, runs Montazeri's office in the holy city of Qom, which Hashemi allegedly used as a base for subversive operations.

However, Hashemi later appeared on Iranian television and confessed he abused Montazeri's confidence.

He was believed to have been arrested as part of a power struggle between allies of Parliament Speaker Hashemi Rafsanjani and a faction loyal to Montazeri, who reportedly opposed contacts with the US.

Rafsanjani reportedly was the mastermind behind Iran's efforts to obtain weapons from the US.

● Iran said yesterday Afghan forces shelled an Iranian outpost and a customs building on their border last Friday, killing several Iranians, Reuter reports.

It added that Iranian diplomats in Kabul had protested to the Afghan government about the attack, demanding an explanation and compensation.

Italians embarrassed by report of mine shipments

BY JOHN WYLES IN ROME

THE ITALIAN government has launched an investigation into embarrassing claims that a Brescia company has been a major supplier of mines to Iran and Iraq.

The revelations, published last week in a French newspaper, come as the government's reluctance to commit minesweepers to the Gulf in common with Britain and France is running into growing public criticism.

The report claimed that Valsella Meccanotecnica of Brescia had shipped large quantitites of anti-tank, land sea mines to the Gulf between 1981 and 1984.

This trade does not seem to have breached any law or government policy, which did not seek to block arms supplies to the beligerants until 1984. But the shipments would have needed government authorisation and, as on previous occasions, Italian ministers are struggling for information on the actions of their predecessors.

In the past, administrations have been unable to stop clandestine shipments to the Gulf war.

Ransacked embassy to reopen in Tehran

THE TOP Saudi diplomat in Iran was quoted yesterday as saying that his embassy, ransacked by protesters after Iranian pilgrims died in violence in Mecca on July 31, would reopen soon, Reuter reports.

Marawaan Beshir al-Roumi, the Saudi charge d'affaires, disclosed this to the London-based Saudi al-Sharq al-Awsat newspaper in a telephone interview from Tehran.

Iran would also return a diplomat, Mousa'ad al-Ghamdi, who was injured in the protest, when he fell out of a window as demonstrators took over the embassy, he said.

Tehran would also allow the families of the 12 Saudi diplomats in Iran to return to Saudi Arabia.

Saudi Arabia said earlier that all but one of its diplomats had been freed after the occupation of its embassy and demanded his release.

Iran, meanwhile, claimed yesterday that Saudi Arabia was refusing to hand over the bodies of at least 90 Iranians killed in the clashes in Mecca last month because they bear bullet wounds.

Dr Vahid Dastgerdi, head of the Iranian Red Cross, told a news conference that 322 Iranians died in the violence near the Grand Mosque in the Moslem holy city.

"More than 230 bodies of Iranians have arrived so far and another 90 bodies are still being kept by the Saudi Arabian government," he said.

"They are withholding the return of the 90 bodies because they died of bullet wounds," he said. "Another 40 to 50 Iranians are also missing."

The Saudi government denies that any shots were fired during the July 31 violence, which it claims was caused by Iranian demonstrators. It said 275 Iranians were among the 402 who died.

Syria urged by Arabs to mend fences with Iraq

BY TONY WALKER IN BAHRAIN

SHEIKH Zayed bin Sultan al-Nahayan, ruler of Abu Dhabi, met President Hafez al-Assad of Syria in Damascus yesterday in what appeared to be a fresh effort by Gulf states to persuade the Syrian regime to mend fences with Iraq and drop its support for Iran in the Gulf war.

The official Syrian news agency said their talks covered latest developments in the Gulf, and Sheikh Zayed, who is also president of the United Arab Emirates, said he was aiming to bolster Arab solidarity.

Well-placed Western and Arab officials in the Middle East believe the conservative Gulf states are trying to build on recent signs of reconciliation, following a secret April meeting at an airbase in the Jordanian desert between Mr Assad and President Saddam Hussein of Iraq. But these officials say that the reconciliation process is "extremely fragile."

More details have emerged recently about the April meeting. The Syrian and Iraqi presidents are understood to have held about 20 hours of discussions spread over two days and achieved a measure of understanding on some of their differences, but there was no breakthrough.

The fact, however, that a meeting took place at all and that such extensive discussion was held — some of it about arcane disputes between rival Syrian and Iraqi wings of the Arab socialist Baath party—was seen as a step forward. It was also seen as a diplomatic success for Jordan's King Hussein who brought them together for the first time in five years.

Syria's price for a rapprochement with Iraq was agreement on a "unity charter" similar to one negotiated in October 1978 at the time of the Camp David accords between Egypt and Israel.

The suggested unity pact was deflected by the Iraqi President, who said his country was merely seeking a normalisation of relations, including the restoration of commercial ties.

President Assad: seeking 'normalisation'

Iraq was also pressing for a clear Syrian renunciation of support for non-Arab Iran in the Gulf war.

The latter remains the major stumbling block. Syria is continuing to argue that by preserving its relations with Iran it is in a position to exert influence in Tehran and that no useful purpose would be served by abandoning that strategy.

Syria, deeply concerned about the activities in Lebanon or pro-Iranian proxies who pose a direct challenge to its attempts to bring order to the chaos, is handling relations with Iran with extreme caution.

Syria is thought likely to pursue for a as long as possible its "two-track" policy of trying to preserve its links with Iran while at the same time seeking greater room for manoeuvre in its attempts to shore up its Arab relationships,

If, however, Iran were to carry out its threat to attack a moderate Gulf state such as Kuwait over its support for Iraq, then Arab pressures on Syria to abandon Tehran would be almost impossible for the Damascus regime to ignore.

Competitors accuse South Korean line over freight rates

BY WILLIAM DAWKINS IN BRUSSELS

EIGHT EC shippers have complained to the European Commission that their freight rates are being unfairly undercut, in what is the first ever anti-dumping action attempted by the industry.

The companies involved claim that the major South Korean line, Hyundai Merchant Marine, is charging between 30 per cent and 40 per cent less than normal freight rates on southbound routes between EC ports and Australia.

They say their own freight rates and profits have been pushed down accordingly and that they are ill-placed to compete fairly against a South Korean group which benefits from substantial government subsidies.

They are making use of an EC regulation which came into force only last month, extending anti-dumping regulations to the shipping industry. The new rule was agreed by member states last December as part of a major package of measures to liberalise the EC shipping industry and give it tougher protection against unfair trade practices by non-EC competitors.

The next step will be for the Commission to examine the complaint to decide whether to launch its own inquiry into whether to impose punitive levies on the South Korean line. A final decision could be taken within six to nine months.

Hyundai denies that it is trying to push its EC competitors off the Europe-Australia route. It said the European lines had to compete in the open market like everyone else and added that its case would be vigorously defended when the Commission asks Hyundai Merchant Marine to produce a response.

The EC companies lodging the complaint are ABC Containerline of Belgium, Associated Container Transportation (Australia) and P & O Containers of the UK, la Compagnie Générale Maritime of France, East Asiatic Company of Denmark, Hapag Lloyd of West Germany, Lloyd Triestino of Italy, Nedlloyd of the Netherlands, and Compania Naviera Marasia of Spain.

SHIPPING REPORT

Industry strives to return to normal despite fears

BY NICK GARNETT

THE BRITISH Government's decision to commit minesweepers to the Gulf following the discovery of mines in waters previously considered safe should calm ship owners' fears after the incident early in the month with the Texaco Caribbean, shipbrokers said at the weekend.

This view was expressed, however, before the sinking of the supply ship, Anita.

The shipping industry was already showing strong signs of reverting to its normal pattern of behaviour once the immediate shock of the Texaco Caribbean was over.

Charterers have now returned to the market in some force.

E. A. Gibson, the London brokers, said there were up to a dozen inquiries for very large crude carriers—ships of more than 200,000 deadweight tons—circulating on the market.

Many of these inquiries were from big North American charterers.

The current rate for large crude carriers trading to the Middle East Gulf, ex Kuwait stands at Worldscale 60, no change from previous levels. rates are up 7.5 points to 97.5.

Owners of clean tonnage are experiencing a very firm market, according to E. A. Gibson. Voyages to Japan for 30,000 tonners have been closed at Worldscale 185.

A 60,000 tonner was able to obtain Worldscale 172 for a voyage from Kuwait to the UK-Continent. Short voyages to India and East Africa are able to obtain rates in excess of Worldscale 250.

The lack of inquiries from West Africa is still a problem for the market. Fixtures during last week declined from Worldscale 72.5 to Worldscale 65 for 120,000 ton vessels.

Trading volumes out of the UK for dirty carriers have not been strong enough to allow owners to raise rate levels substantially. The 65,000 ton ship is obtaining about Worldscale 80 for voyages to US and European ports.

HK-China talks on refugees

By Kevin Hamlin in Hong Kong

URGENT talks between British Government representatives and Peking have cleared the way for officials from Hong Kong and Guangdong province to begin discussions on how to repatriate the thousands of Vietnamese refugees who have streamed into the territory from mainland China in recent weeks.

Senior Hong Kong officials will leave for Canton today for talks with Guangdong officials beginning tomorrow.

These will centre on Hong Kong's demands for the speedy repatriation of what it considers are illegal immigrants from China.

Many of the Vietnamese who have arrived in the territory during the past seven weeks have been resettled in China for more than seven years.

Hong Kong's delegation will be led by Mr Dick Clift, political adviser, and will also include principal assistant secretary for security, Mr Ken Woodhouse, and deputy director of immigration Mr Laurence Yeung.

Hong Kong's security forces have been under extreme pressure handling the flood of Vietnamese arrivals, and a senior Government official said last week that the territory's capacity to cope was "not very far" from its "limit."

More than 6,500 Vietnamese have arrived from mainland China during the past seven weeks, most of them from nearby provinces in southern China. They have taken to the high seas in small dilapidated boats after hearing rumours that resettlement prospects have improved.

Mr Robert Upton, secretary for security, said at the weekend that "the two sides should have little trouble in agreeing what needs to be done."

He added: "The Chinese authorities have throughout shown a very helpful and sympathetic attitude towards our problems. I see no reason to assume the talks won't be successful."

Problems verifying the identities of Vietnamese from China have in the past caused repatriation to take up to one year.

Meanwhile, a Government spokesman said that the New China News Agency, China's unofficial embassy in Hong Kong, informed it that Guangdong's provincial authorities are "taking intensive measures to stop the influx of former Vietnamese refugees from China into Hong Kong."

There were no reports of Vietnamese refugees from China arriving in Hong Kong yesterday.

Dai Hayward reviews poll that 'broke mould of New Zealand politics'

Lange pledges dynamic economy

MR DAVID LANGE, the newly re-elected New Zealand Prime Minister, said yesterday there would be no change in Labour's economic policies which he said had been firmly embraced by voters.

But opposition National Party leaders, faced with a weakening of their vote in the cities, seem set for a reassessment of their approach.

During the next three years Labour will produce "a dynamic economy" as well as provide the promised reforms and improvements in welfare, health and education, said the Prime Minister. He anticipated that his policies would produce single figure inflation by next March.

The Labour Government was re-elected on Saturday with the same majority — 15 seats — as in the previous Parliament but in a wildly erratic voting pattern it both lost and gained seats.

Some seats had a swing against the Government of up to 11 per cent, but in others there were swings of up to nine per cent towards Labour.

The Government saw its biggest fall in support in safe Labour seats, mostly working class areas where voters could safely show their concern at the effects of Rogernomics—the free market deregulated economic policies of Finance Minister Roger Douglas.

Labour managed to hold all except one of its marginal seats. In some areas there was a big swing against the Government in safe Labour seats while in adjoining marginal electorates the Government increased its vote.

Mr Lange himself aptly described the result, the first time since 1938 a New Zealand Labour Government has been re-elected for a second term, when he said: "We have broken the mould of NZ politics."

Election night gave Labour 56 seats and National 41. The Democrats lost both seats they previously held.

Labour won two seats from National but lost its most vulnerable marginal Wairarapa, by 65 votes.

Five seats won by a majority of 132 votes or less could still change hands when special votes are counted next week. One of these is Wanganui where Cabinet Minister Mr Russell Marshall saw his majority of almost 4,000 slashed to only 27 votes ahead of the Democratic candidate.

Both Labour and National each hold two of the seats still waiting on special votes to decide the final result.

David Lange—promising single figure inflation

The third and fourth party vote collapsed. The majority of New Zealand party voters who played a decisive role in Labour's 1984 victory appear to have switched to Labour on Saturday, especially in seats which mattered most.

The Government's economic restructuring obviously found favour with the more affluent. Support for Labour increased dramatically in wealthy city suburbs. What were formerly safe solid National Party seats have now become marginals.

The most striking example is Remuera — where houses can cost between $1,000m and $4,000m — which was once regarded as the strongest National Party seat in the country.

Mr Doug Graham, one of National's finance spokesmen frequently tipped as a future party leader, had his majority cut from 3,483 to 760. Mr Graham conceded that Labour's victory was "vindication" of the Government's economic policies — commenting "the people from the rich end of town voted Labour."

Defeated opposition leader Jim Bolger said Labour won because the "tolerance of New Zealanders to absorb pain is greater than National had anticipated."

Although Mr Bolger's performance during the campaign will probably ensure he retains the leadership for at least another year, there are already calls for widespread changes from disappointed National Party officials.

With the big gains made by Labour in metropolitan and provincial cities, they realised there is a great danger of National being reduced to only a country party.

Exports give strong boost to Turkish trade

By David Barchard in Ankara

TURKEY'S external payments improved during the first half of the year with the trade deficit falling by 13 per cent compared with the same period of 1986, to $1,647m.

There has been an even more striking improvement on the current account. It fell from $916m in the first five months of 1986 to $376m in the same period this year.

The improvement on the trade balance has largely come from an upturn in Turkish exports to the European Community which now make up exactly half of all its exports.

Turkish exports to other Islamic countries have fallen by 26 per cent, the steepest decline being to neighbouring Iran.

The improvement on the current account will have given cheer to the Treasury and the Central Bank. Though the year-end current account deficit is still expected to be around $1.1bn, it should be well below last year's $1.5bn deficit.

As a result, Turkey will probably not have to return to the international money markets for a major new balance of payments financing in the last part of the year.

There is less joy for the Government where inflation and public spending are concerned.

Jobs in Brazilian public sector escape cuts

BY IVO DAWNAY IN RIO DE JANEIRO

EMPLOYMENT IN public service in Brazil is continuing to expand despite repeated promises from the Government that public expenditure is being cut and appointments halted.

According to authoritative reports, based on Labour Ministry figures, some 23,953 new jobs have been created in the public sector between March and June. By contrast some 114,000 jobs have been lost in manufacturing and processing industries in Brazil.

The figures, published yesterday in the Folha de Sao Paulo newspaper, will give new impetus to widespread protests over the Government's failure to cut back costs. Worst among the federal, state and municipal employers is the State of Sao Paule that accounted for 9,000 or some 37.5 per cent of the new jobs.

President Jose Sarney promised in his nationwide television broadcast announcing a moratorium on interest payments on $68bn in foreign bank loans in February that his administration would sharply cutback on spending.

He repeated the promise in June with the presentation of a new government economic plan, centred around a price and wages freeze and public spending cuts.

Yet, despite a target to reduce the public sector borrowing requirement for 1987 from 7 per cent of gross domestic product to 3.5 per cent, the expansion of government at all levels appears to be continuing.

Anger over government extravagance is mounting, however. In an extraordinary statement last month, Mr Mario Amato, president of the powerful Sao Paulo industrialists' federation, Fiesp, said that employers should join workers in a general strike, scheduled for next week, in protest at state profligacy.

Though he later made clear that this was merely an expression of discontent, Mr Amato's annoyance was taken up by several senior trade unionists. "The Government, not the employers, is the greatest enemy of the people," Mr Luiz Antonio Medeiros, leader of the Sao Paulo metalworkers' union, said.

Central to the problem is the longstanding Brazilian tradition of using the distribution of jobs as a means of winning votes and exercising patronage. However, in several state governments wages bills now easily exceed receipts from local taxes.

Ulster board awaits report on De Lorean

THE Northern Ireland Industrial Development Board, one of the main creditors against Mr John de Lorean's defunct sports car company, is now awaiting a full report of a bankruptcy agreement approved by a US court, a statement from the board said yesterday.

A Federal bankruptcy judge in Detroit approved an argreement under which Mr de Lorean will pay his creditors, including the British Government, about £6m—roughly one tenth of what they were demanding.

The British Government's claim was for more than £20m, mainly concerned with the investment of taxpayers' money in a gull-winged sports car in Belfast.

The Development Board said yesterday: "A full report of the court's decision is awaited and this will be considered in consultation with (the board's) US lawyers."

Mr de Lorean, who welcomed the court's decision said in Detroit he intends to sue agencies of the US and British Governments, charging that they conspired to destroy his company.

Mr de Lorean, 62, was acquitted last December of charges of defrauding investors in his failed De Lorean motor company.

FDP in Hamburg coalition

THE West German Social Democratic and Free Democratic Parties (SPD and FDP) have agreed to form a government in the state of Hamburg, the first such coalition in West Germany for five years, Reuter reports from Hamburg.

The agreement late on Saturday night ended three months of SPD attempts to form a government with the various parties which took part in the Hamburg Senate (parliament) elections on May 17, the longest such negotiations on record in West Germany.

The SPD and FDP — opponents in the federal parliament in Bonn — must go through the formality of gaining approval from their national leadership before taking office in Hamburg on September 2.

The May elections gave the leftist SPD most seats in the Senate but left it without a clear majority.

Efforts to team up with Chancellor Kohl's Christian Democrats, the major governing party in Bonn, and with the radical Alternative List, an environmentalist-pacifist group, failed

Danes in bid to end strike

By Hilary Barnes in Copenhagen

PRIME MINISTER Poul Schlüter yesterday asked the speaker to recall the Denmark Folketing (Parliament) from its summer holiday tomorrow, when the Government will table legislation to end a four-month-old strike of Government computer staff.

The Prime Minister said that if the strike is allowed to continue, it will spread chaos through the public administration.

There is speculation that the Government will use the opportunity to announce a general election in September, but nothing that the Prime Minister has said confirms this.

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Israeli rivals join to stave off decision on Lavi

BY ANDREW WHITLEY IN JERUSALEM

ISRAELI Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres yesterday temporarily buried their mutual political animosity, and joined forces to block an impending decision by the Israeli Government to cancel the controversial Lavi combat aircraft.

With the Cabinet meeting for the seventh time in recent months to try to settle the fate of the home-grown supersonic aircraft, opponents appeared to have mustered a 13-11 majority. But against the wishes of the two party chiefs they were unable to bring the issue to a vote.

In a clearly tactical ploy to avoid defeat, the Labour and Likud leaders agreed between themselves to postpone a decision for a fortnight — presumably in the hope of finding a compromise which could win over waverers in the meantime.

The solution being sought by these two traditional political rivals involves injecting an additional $150m into Israel's current defence budget "to finish off" the project, which has already cost $1.5bn.

Cancellation would lead to the loss of thousands of jobs in the country's much vaunted, but currently struggling, high-tech industries.

However, the latest postponement is bound to exasperate the Reagan Administration, the principal financier of the Lavi.

In recent weeks the US has been exerting considerable pressure on its ally in favour of scrapping the expensive aircraft and purchasing more F-16s in its place.

Few Israeli politicians are anxious in a pre-election year to incur the electoral displeasure they fear they will reap from cancelling the Lavi, regarded by the public at large as both a technological triumph and a symbol of the country's independence and strength.

This was apparently what was in the Prime Minister's mind when he told the coalition cabinet yesterday that a vote against the aircraft "will be a blow to our self-respect. The people will view it as a tragedy."

More sanguine was Mr Peres, who indicated that there was no pressing hurry to reach a decision. "What we have today we'll have in two weeks' time," the Labour chief told journalists after the six-hour meeting.

Indian drought expected to put 15m out of work

BY JOHN ELLIOTT IN NEW DELHI

THE INDIAN government expects at least 15m people in rural areas to be put out of work by the drought which is covering a large part of the country because the annual south-west monsoon is nearly two months late.

This was announced by Mr Rajiv Gandhi, the Prime Minister, last night in a BBC rado phone-in which marked celebrations over the weekend of India's 40th anniversary of independence.

"We now have the strength to see the drought does not become a famine as it did before independence," Mr Gandhi said, referring to the country's buffer stocks of 24m-26m tonnes of rice and wheat. But there were already shortages of water and fodder, and the drought would affect people's ability to work.

He said that a rough government estimate put the likely total that would be out of work at 15m. But economists estimate that the cumulative effect of the drought in rural areas could be far larger.

Nine people were killed over the weekend in the troubled northern state of Punjab as India celebrated its 40th anniversary amid tight security, fearing a major terrorist attack by young Sikh extremists.

In his annual independence day speech on Saturday from the ramparts of the Red Fort in Old Delhi, Mr Gandhi appealed for a new people's movement against communalism, religious fundamentalism and extremist violence.

But Mr Gandhi, who has been facing a number of serious political setbacks, failed to make a favourable impact with his speech. He spoke slowly and haltingly in Hindi for 68 minutes to an audience which grew increasingly restive.

There were criticisms later by politicians and businessmen that he had failed to rise to the occasion and had rambled on.

Hundreds of security guards, many carrying sten guns, surrounded the Red Fort area on Saturday in one of the tightest security operations ever mounted. Mr Gandhi stood behind a bullet proof screen flanked by plain clothed guards.

The security precautions will continue because young extremist Sikh leaders, who appear to have taken control of the militants' movement, are expected to try to make a major strike soon.

On past performances, it was unlikely that they would have been able to break through the security operations over the weekend. But it is equally unlikely that the security forces will be able to maintain a sufficiently strict vigil to stop a major attack somewhere soon.

Seoul protestors demand release of prisoners

BY RICHARD GOURLAY IN SEOUL

RIOT POLICE in Seoul have clashed with anti-government demonstrators who chanted anti-American slogans, called for the release of political prisoners and backed worker demands for higher wages and democratic trade unions.

About a thousand marchers took to the streets after a rally on Saturday, calling for the removal of the 40,000 US troops stationed in the country, but were swiftly dispersed with tear gas by riot police.

Earlier, about 10,000 demonstrators met peacefully after the government failed to persuade opposition groups to call off the rally. Demonstrators and anti-government Buddhist monks made similar demands for political reforms in Seoul yesterday.

The rallies followed weeks of labour unrest that have closed down much of South Korean industry either directly through strikes or because supplies of components have heen cut off. There appeared to be some signs that the number of work stoppages had peaked, with management agreeing to many of the workers' demands.

Although the demonstrators linked their support of worker demands with the release of political prisoners, the recent strikes do not appear to have been politically motivated.

After years of wage rises far below productivity increases, workers are taking advantage of the recent political developments to try to win a fairer slice of South Korea's rapidly growing output.

A government-funded think tank, the Korea Development Institute, last week said the labour unrest, still affecting about 280 companies, could cost the country between $1.3bn and $3bn in lost exports this year. Stockbrokers said the cost to the country would be nearer the low end of this forecast.

The 200 political prisoners still held by the government have become the focus of attention for students and political activists since President Chun Doo Hwan gave in to opposition demands for direct elections and other democratic reforms in early July.

Last week, Mr Roh Tae Woo, the ruling party's presidential candidate, said that 1,200 political prisoners had already been released but that those still held had violated the country's tight national security laws and would be released only if they "showed repentance and disavowed Communist ideology."

Roderick Oram in New York searches for an ancient Maya prophecy and finds modern mayhem

Hosts of hummers descend on sacred Central Park

BLAME New Yorkers if the world failed to enter an age of enlightenment at noon Greenwich Mean Time yesterday. It was all very well for Mayan Indians to fix the date thousands of years ago, but they should never have hoped hassled citizens of this city, the wilted flower of modern civilisation, would stick to the exact time.

The task entrusted to them by the apostles of the New Age was gravely important but untaxing. Drawing on a bewildering array of ancient prophecies, today's sages decreed that if enough people congregated at sacred sites around the world at noon GMT on August 16 and 17, held hands and hummed, the world would be healed of its ills.

But while, presumably Stonehenge, the Great Pyramids, Mount Fuji, Easter Island and other hosts to hummers began to resonate on time, an eerie silence cloaked the 1,500 people encircling a new-found sacred site in Central Park.

Mr Peeter Lamp, one of the New York organisers of the Harmonic Convergence, stood up in the centre, which will revert tomorrow to a children's sand pit, and gently suggested that "we would like everyone to consciously link up with everyone else around the planet."

Nothing overt happened. Five minutes slipped blissfully by in the warm summer sun. Surely, the New Age had not arrived early, transforming all those hepped-up New Yorkers? Wasn't anyone bold enough to begin to save the world? Finally after nearly 10 minutes a faint hum arose from some people held in tight focus by a gaggle of television news crews.

Swiftly the sound washed like a wave across the crowd picking up hummers in its wake. A man who couldn't carry a tune in a bucket sounded as though a doctor was working him over with a tongue depresser.

A big lady with a wide vibrato chimed n over on the west side. Phew! Another sacred site heard from. But only just. The beatific tones of the New Agers were more than matched by the incessantly shrill chirp of cicadas, a locust-like insect which plagues the US in 17-year cycles.

Holding hands was the next hurdle for these people who fight daily for their private space in the city's jostling crowds. Again the TV crews tried to do their bit for the planet, quietly encouraging a small group to raise their hands to the heavens. The crowd followed their lead but few hands reached out to others.

> "It's the volcanic eruption of that latest romanticism of greying flower children . . . their last fling before ageing and death take over"

The site was not to blame. An American Indian medicine man had checked it out and found it spirit-filled, Mr Timothy Whyllie, another organiser, had told a pre-hum warm up last Wednesday eveningf.

"He went straight into a trance, saying 'They're here! They're here!'" The fact that so many bodies turned up to join the spirits must have pleased Mr Jose Arguelles who had a vision of Harmonic Convergence as he drove down Wilshire Boulevard, Los Angeles, on December 4, 1983.

The 48-year-old art historian began investigating American Indian cultures and found that Mayans were extra-terrestrial beings. These ETs had left a "galactic calling card" in the form of their calendar which predicted they would try to re-establish contact with earthlings on this day.

He got the ball rolling but by this summer a cacophony of claims for the auspiciousness of the day had accumulated. Not surprisingly, sceptics have doused the theories in cold water.

"There is no scientific basis for any claims of supernatural or superphenomenal activities on Sunday, August 16," said Dr James Cornell of the Harvard-Smithsonan Centre for Astrophysics.

More bluntly, Gary Trudeau, the US cartoonist, has mercilessly parodied the event with a Moronic Convergence in his Doonesbury stip.

"It's the volcanic eruption of that latent romanticism of greying flower children," said Dr Carl Raschke, a University of Denver humanities professor. "It's their last fling before ageing and death takes over."

But among yesterday's crowd were some of a more practical bent, including four Londoners in their 20s, Ms Chloe Thomas, Ms Deborah Green, Mr Alan O'Donnell and Mr Adam Baines.

They are not New Agers themselves. They had just stopped in on a cycle ride from Maine to Mexico City raising money for the Save the Children Fund.

Working with Placido Domingo, the opera star, they had already raised £25,000 before they left England for children made homeless by Mexico City's earthquake.

Immediately post-hum, little seemed to have changed in New York. A bus, horn blaring, still barrelled down Central Park West trying to mow down New Agers who had the temerity to leave early.

As for the ETs, well they must have taken one look, slammed their UFO's into hyper-drive and headed for the nearest black hole.

PRI picks presidential contenders

By William Orme in Mexico City

MEXICO'S ruling Institutional Revolutionary Party has for the first time officially identified contenders for its presidential nomination, in a cautious step towards the formalisation of its controversial candidate selection process.

In a terse announcement late last week the PRI executive committee listed its "pre-candidates" in alphabetical order: Mr Ramon Aguirre Velazquez, the appointed mayor of Mexico City; Mr Manuel Bartlett Diaz, the Interior Minister; Mr Alfredo del Mazo Gonzalez, the Energy and State Industry Minister; Mr Sergia Garcia Ramirez, the Attorney General; Mr Miguel Gonzalez Avelar, Education Minister; and Mr Carlos Salinas de Gortari, the Minister of Budget and Planning.

One of the six is expected to be picked in late September or early October in a decision that will be made primarily by President de la Madrid and endorsed by the PRI hierarchy.

Messrs Bartlett, del Mazo and Salinas are still perceived by most political observers, as well as by themselves, to be the strongest of the aspirants. Yet while the list has served to exclude formally the already remote chance that President de la Madrid might opt for a dark horse not seen generally as a participant in the race, it has also focussed new attention on Mr Garcia Ramirez, who despite his lack of party political experience has gained respect as a strong and honest boss of the Federal government's main law enforcement bureaucracy.

Conspicuously absent from the list is Mr Cuauhtemoc Cardenas, a former governor of the state of Michoacan, remains the only prominent PRI personality to declare openly his candidacy for the nomination. Mr Cardenas's campaign is a direct if somewhat Quixotic challenge to the tradition that let Mexican presidents personally pick their successors.

Alfonsin denies reforms aimed at re-election

By Tim Coone in Buenos Aires

PRESIDENT Raul Alfonsin of Argentina will not seek re-election when his mandate expires in 1989. He said the government's proposed constitutional reform was not aimed at his re-election, as has been widely suggested.

After mid-term elections next month, the government's political priority is constitutional reform, which could involve creating a constitutional assembly by March or April.

According to President Alfonsin, one reform will be to give more power to congress and less to the president. A prime minister would be created.

The ruling Radical Party has no clear alternative to President Alfonsin and it is thought he will stand for Congress to become Prime Minister, offering the presidency to the opposition Peronists.

Explosives found in gold mine hostel, Anglo claims

ANGLO AMERICAN, South Africa's biggest mining company, yesterday said security officers found explosives in a gold mine hostel which they searched after a clash in which 24 black strikers were injured, agencies report from Johannesburg.

With violence rising in the week-old stoppage by about 300,000 gold and coal miners, leaders of the National Union of Mineworkers met yesterday in closed session to discuss tactics against what the union sees as increasingly harsh efforts by management to break the strike. More than 220 miners reportedly have been injured and at least 200 arrested during the country's largest legal strike ever.

According to Anglo, mine security officers at Vaal Reefs, a gold mine 100 miles southwest of Johannesburg, entered a hostel on Saturday to investigate reports that strikers were holding hostages. It said the security men "came under repeated attack by a mob and were forced to retaliate" with tear gas and rubber bullets. "No hostages were found, but a quantity of explosives and a petrol bomb were discovered." the company said.

When the strike started last Sunday night the NUM urged its members to leave the single-sex mine hostels where workers live in order to avoid confrontation with mine security. But many have stayed, and the company charges that militants in the hostels are intimidating miners who want to resume work. The NUM rejects the accusation.

Neither side has backed down on its basic pre-strike position in the dispute, which is over wages and conditions. The NUM demands a 30 per cent wage increase plus improved benefits such as danger pay. The Chamber of Mines, which groups the six main mining houses, has offered pay increases of up to 23.4 per cent.

Anglo, which produced 39 per cent of South Africa's gold last year, has been the most seriously affected of the major mining houses since the strike against the country's dominant industry began. Anglo has threatened permanent closures of several marginally profitable gold and coal mines if strikers do not return to work by tomorrow.

Inland Revenue pensions plan 'unworkable'

BY ERIC SHORT

IN HIS Budget this year, the Chancellor of the Exchequer, Mr Nigel Lawson, announced a further proposal on pensions to go with the changes brought about by the 1986 Social Security Act.

From October, employees in company pension schemes will be able to make individual arrangements to pay extra contributions to boost the benefits from their scheme.

At present, such employees can only obtain extra benefits through an Additional Voluntary Contribution (AVC) scheme, arranged by their companies.

The introduction of what is known as Free Standing Additional Voluntary Contributions (FSAVCs) was intended to be another development in the Government's strategy to give people a wider pensions choice. The gloss was taken off the proposal, however, when the Chancellor said that the benefits from an FSAVC had to be taken as pension not cash.

It received widespread approval from all sections of the pensions industry and from employers, in contrast to the reception given to the changes in personal pensions.

No one seems to have informed the Inland Revenue, however, of the overall strategy.

A few weeks ago, the Superannuation Funds Office (SFO) of the Inland Revenue issued its draft rules for FSAVCs.

The SFO will discover this morning that everyone involved—employers, pension managers, life companies and intermediaries — consider that its proposals make FSAVCs completely unworkable. That is the unanimous conclusion of the various submissions on the rules that were sent to the SFO over the weekend.

The complex rules proposed by the SFO have one underlying purpose—that no employee should finish up with too much benefit at the time of retirement, given the generous tax treatment of both contributions and investment.

Whereas on the new-style personal pensions, the Revenue is prepared to accept self-certification from the employee that the limits laid down have not been exceeded, on FSAVCs everyone but the employee is involved in the monitoring procedures.

And what a complicated set of procedures the SFO is proposing.

There is, for example, a series of checks to ensure that the employee does not exceed the limit of 15 per cent of earnings on all pension contributions—main scheme and AVCs.

Life companies and other providers of FSAVCs have to get details from the employer on pension scheme contributions. The employer also has to inform the provider whether he has given those details to another FSAVC provider.

The submissions to the Revenue all say the requirement is completely unecessary, but they also show it is a minor worry compared with the concern over another SFO requirement.

That is the normal requirement for company pension schemes that the overall pension from all sources — the main scheme, any previous schemes and AVCs — must not exceed the Inland Revenue limits — the ultimate limit being that the pension should not exceed two-thirds of earnings at retirement

The SFO is requiring the employer to certify for any interested employee the maximum contribution he can make to FSAVC—not only at outset but at three-yearly intervals.

That is a virtually impossible task at the outset, since company pension benefits are salary-related, while FSAVCs operate on what is known as a money purchase basis.

The contributions paid by the employee are invested and, at retirement, the accumulated sum is used to buy a pension. Thus the amount of pension will depend on the level of contributions and the underlying investment performance throughout the period to retirement, together with the level of annuity rates at the time the employee retires.

The employer has to combine that calculation with his other calculations as to how much the employee can expect from the company scheme and relate the sum to the employee's anticipated earnings at retirement—another set of assumptions that fall within the professional judgement of actuaries.

If the employer's assumptions are not borne out in practice and at retirement the combined pension exceeds the Revenue limits, then the pension paid from the main company scheme has to be reduced so that the limit is kept.

Thus the employer would benefit from an employee overfunding on a FSAVC. The employee would probably feel especially aggrieved if the overfunding arose from an excellent investment performance.

Consulting actuaries, Lane Clarke & Peacock, speak for everyone when they refer to a "nightmare of reporting."

> The CBI feels it is more practical for any overfunding to be repaid to employees as a taxed cash sum

The Confederation of British Industry consulted its members—the persons responsible for handling the administration—before making its submission. The result was unanimous.

Employers, not surprisingly, are dismayed that the onus for policing FSAVCs falls on them and regards this as completely unacceptable.

They also submit that it is an unacceptable solution to the problem of overfunding for the main-scheme benefits to be reduced.

If the benefit limit is to remain, however, the CBI feels it is far more practical for any ultimate overfunding to be repaid to the employee as a taxed cash sum.

The National Association of Pension Funds has not just confined its comments to the SFO. It has written yet again to Mr Norman Lamont, the Financial Secretary to the Treasury.

The association warns that "there is a very real danger that the extra burden on occupation pension scheme administrators could stretch resources so that non-compliance might become inevitable." The danger of compliance breaking down is repeated by the Association of Consulting Actuaries.

What is the reaction of the providers of FSAVCs to the propose drules?

The Association of British Insurers, representing most life companies, warns the SFO that the complex administration and the additional costs will make the business less attractive to everyone and defeat the Government's objective of a wider pensions choice.

Is the employer legally obliged to provide the information? The Association of Pension Lawyers has not yet formally considered that point.

The warnings to the SFO is that if employees cannot become involved in making their own individual pension arrangements on top of the company scheme, then they may be tempted to make their own arrangements by coming out of their company scheme and taking a personal pension.

Perhaps that is what the Government would like to see happen.

Unions 'as well off now as 10 years ago'

By Our Labour Editor

BRITAIN'S trade unions are in "remarkable" financial health even after substantial losses of membership, according to an unpublished Government study.

The study, carried out for the Department of Employment, finds that, in the main, trade unions in the UK are as well off now as they were 10 years ago – even though membership has fallen by 3.2m since 1979.

The research report, by Dr Paul Willman from the London Business School and Dr Timothy Morris from the Henley Management College, is the first systematic study of British trade unions' financial circumstances carried out since 1970.

Generally, it is believed that the heavy membership losses suffered by unions in the 1980s have led to considerably tighter finances, which have helped inhibit union operations.

But the Department of Employment study uses detailed financial information across a 10-year period to "convey a picture of remarkable financial health overall."

The report says that mainly, "unions were no less well off in 1985 than in 1975: the net worth of unions has fallen slightly in real terms, but assets are higher.

"Across the decade unions have managed to raise real income from subscriptions and investments consistently, although their expenditure has tended to keep pace."

The authors say that "much has been said about unions 'going broke' and the Trades Union Congress itself, which we did not include in our sample, may be in difficulties, but many unions have coped with recent difficulties rather well."

It finds that many manual unions with a rich asset base have dealt with declining membership in part by becoming less dependent on subscriptions and instead have filled their financial gaps with investment income.

The report's conclusions also cast doubt on the strategy now being adopted by a number of unions of a greater concentration on recruiting new members as a way of trying to ensure the union's future survival and growth.

It says instead that particularly at times when real union incomes are rising as membership falls, then concentrating on improved services to members may have been a more profitable strategy than recruitment activity.

The survey suggests that many of the unions which have been hit hardest by membership loss, such as the ISTC steelworkers union, may now be among the most financially secure, while unions which have been adding members, such as the Royal College of Nursing, are among the least well-off.

● Car assembly at the main Jaguar plant in Coventry will be at a standstill today as a result of a one-day strike by 60 fork-lift truck drivers, our Labour Staff write.

The company, which has suffered relatively little from industrial action in recent years, has laid off 1,200 assembly workers in anticipation of the stoppage. It hopes to resume normal work tomorrow.

The strike has been called in support of one fork-lift driver who has been disciplined and suspended for 24 hours today. His colleagues are to stay away from work in protest.

Jaguar said yesterday that although other production work would continue, car output would be impossible without the fork-lift drivers who feed the assembly lines.

The suspension of production is expected to cause the loss of 200 vehicles with a total showroom value of about £4m.

Tighter controls expected for urban development corporations

BY HAZEL DUFFY

TIGHTER controls over urban development corporations (UDCs) are expected to be urged on the Government by the National Audit Office (NAO), the parliamentary watchdog on public spending.

Concern is likely to be expressed by Sir Gordon Downey, comptroller and auditor general, when the report is published early next year, that control has been too lax over the activities of the two UDCs currently being studied. This is particularly the case in London Docklands, where some £400m of public money has been spent so far.

The study being carried out by the team of parliamentary auditors is the first independent assessment of public spending in the UDCs since they were set up in London and Liverpool six years ago.

The NAO will be anxious that its recommendations be accepted in time for the Department of the Environment, the sponsoring department for the corporation, to adopt more stringent controls in the four new corporations which are now getting underway – Trafford Park, near Manchester, Tyne and Wear and Teesside in the north east and the Black Country, in the Midlands. Another has been set up in Cardiff by the Welsh Office.

The corporations are now a major plank in the Government's urban renewal programme and more are planned by Mr Nicholas Ridley, Environment Secretary.

The corporations are managed by teams appointed by boards of directors appointed by the Environment Secretary. Controls under this two-tiered structure – similar to the Newtown Development Corporation – risk being too remote from the centre, unless they are strictly monitored.

The parliamentary auditors are also concerned about more specific aspects of the operation of the UDCs. For example, the chain of control in the authorisation of land disposal and the way in which the selling price of the land is arrived at appear not to be satisfactory.

The London Docklands Development Corporation is likely to be criticised for having made too high a profile of its marketing campaign and somewhat extravagant claims for the amount of private sector investment that it has attracted in relation to public money.

Merseyside Development Corporation, on the other hand, has adopted too low a profile in its approach to getting private sector investment.

The Government is drawing up performance indicators for the new corporations. These will include the private-to-public investment ratios, and the number of jobs created.

The NAO, however, will point to the need for these indicators to be monitored very carefully if they are to give any meaningful indication of how effectively public money is being spent. For example, it is not enough to make claims for job creation without showing whether they are genuine new jobs, or transfers of employment into the UDCs from outside.

The Commons Public Accounts Committee will almost certainly follow up the NAO report with its own investigation next year.

Strike vote may follow Midland Bank pay talks

BY DAVID BRINDLE, LABOUR CORRESPONDENT

MEMBERS of the Banking, Insurance and Finance Union (Bifu), at Midland Bank are to be balloted on strike action if the bank fails to improve its pay offer of at least 5 per cent in talks tomorrow.

Bifu, which claims more than 24,000 members at Midland, plans to ballot on an overtime ban and lunchtime and one-day strikes at the same time as it stages similar votes at Barclays and National Westminster banks. Results would be known on September 14.

The move at Midland represents a further attempt to exploit the clearing banks' divisions following the collapse of joint national pay bargaining and the move by Lloyds to pay a 7 per cent increase.

Midland, which left the national negotiating structure last year, has offered a deal tied to regrading which is said by Bifu to be worth 5 per cent to most staff. As at Barclays and NatWest, the union is demanding parity with the Lloyds settlement.

Midland has come in line with the other three banks on London allowances, increasing the inner-zone payment to up to £3,000 a year and introducing a south-east payment of £750.

The action vote is being planned by Bifu after an earlier ballot, described by the union as consultative, produced a vote at Midland of only 46 per cent to reject the offer and take sanctions. However, that ballot took place before Lloyds paid 7 per cent.

Mr Steve Gamble, Bifu assistant secretary, said yesterday: "After Lloyds made its move, we had people at Midland asking for their ballot papers back so they could change their votes. We're pretty sure the mood has hardened."

Midland said yesterday its offer compared well with those of Barclays and NatWest and had been made in spite of its need in recent months to make provisions of £916m for Third World debt, to make a £700m call on shareholders and to raise £390m through disposal of its Scottish and Irish subsidiaries.

TUC leaders' reform plans 'flawed'

By Our Labour Correspondent

LEADERS of ASTMS, the white-collar union, have described as "flawed" the radical proposals for organisational change among unions put forward by Norman Willis, Trades Union Congress (TUC) general secretary.

A number of union leaders have privately been sceptical of the practicality of Mr Willis's suggestions for reshaping union organisation to meet a changed labour market and political climate. Mr Clive Jenkins, ASTMS general secretary, and Baroness Turner, assistant general secretary, make their criticisms, however, in an appraisal circulated to members of the union's national executive council.

The ASTMS leaders say they accept the need for a reassessment of union strategy and organisation but take issue with some of Mr Willis's ideas.

Principally, they say, the concept of designated organisation areas for unions to have a clear run at non-union companies is "not in the least practicable".

Liberal chief under pressure to clarify stand on leadership

BY LISA WOOD

David Steel

MR DAVID STEEL is coming under increasing pressure from a handful of senior party members to make clear whether he is prepared to resign the Liberal leadership on the completion of a merged Alliance party.

Such a confrontation, two weeks away from the Liberal's annual conference, further muddies the water in the debate between the Liberals and the Social Democratic Party over a proposed union.

In addition, Mr Robert Maclennan, the MP for Caithness and Sutherland, who has made a surprise bid for the SDP leadership, let it be known yesterday that he would not be a pushover on policy in talks with the Liberals.

Criticism over Mr Steel's handling of the proposed merger has been bubbling since he made the call abruptly after the general election. In addition, it has been fuelled by hints from Mr Steel that he perceives no likely successor within the parliamentary party.

However, prominent Liberals who have raised criticisms of Mr Steel, including Mr John Pardoe and Mr Michael Meadowcroft, two former Liberal MPs, denied that there was an organised effort to get rid of him.

Mr Pardoe, the formal Liberal MP and head of the Alliance campaign at the last election, said: "It looks as if there is a concerted effort to get rid of Mr Steel. Nothing could be further from my thoughts. It would be reasonable for him to hang on until after the merger talks have been completed."

Mr Meadowcroft said: "Ten years is a good span as leader for anyone. David should get the new constitution into being and let it settle down." He said it would be better if a new leader were in position for the next general election.

Mr Richard Wainwright, the former Liberal MP and one of Mr Steel's fiercest critics, said: "What is needed is a leader with a somewhat more prophetic approach, rather than a fixer."

Other Liberals yesterday called for concentration on the creation of a new party.

Mr Paddy Ashdown, Liberal MP for Yeovil, tipped by some in the party as a future leader, said on the BBC programme The World This Weekend: "At this point it is very important that everybody concentrates fiercely on the issue, which is the creation of the new party."

He continued: "Any distraction – and leadership is not an issue in the Liberal Party – away from the central issue will only serve to get the two debates muddied up and would do the move towards a merged new party a considerable disservice."

Asked about leadership of a new party, Mr Ashdown said he thought Mr Steel would be in an unassailable position if he wished to be the leader.

Criticism of Mr Steel, after the Alliance's poor showing at the general election, has been slower to build up than that on Dr Owen.

Mr Pardoe, the former head of the Alliance campaign at the last election, said he had worked hard on behalf of both Mr Steel and Dr David Owen, the former SDP leader. However, he said: "They have loused things up. It is ridiculous that we have got into this internecine strife. Both have behaved like little children."

With the five SDP MPs now on holiday no clear decision has yet emerged on whether Mr Maclennan should be opposed as the compromise candidate to succeed Dr Owen as leader.

Mr Maclennan's office indicated yesterday that in any merger talks he would be putting over SDP policies including some particularly developed by Dr Owen, including defence, the social market economy and poverty in a "sharp and robust manner."

Philip Bassett reports on a financial surprise for union leaders

Membership falling, but coffers rising

MR Norman Willis, the Trades Union Congress (TUC) general secretary, recently put succinctly what has become the standard trade union position about union finances. He told a summer school of the Ucatt construction union:

"Trade unions have lost over 2.5m members since 1979, when we had 12m members. One result of this is the squeeze of union finances. In this period, unions have lost some £50m in contribution income.

"Not surprisingly some unions, and the TUC itself, are finding it difficult to make ends meet."

Given that this analysis is widely held, Mr Willis and most union leaders are likely to be discomforted by the findings of an extensive study made for the Government on the financial standing of Britain's unions. It concludes that Britain's unions are in "remarkable financial health."

But however uncomfortable they find it, the unions will be hard pressed to counter this study effectively. Carried out for the Department of Employment by two respected academics, the lengthy study bases its searching analysis on financial data prepared by unions themselves for the Government's Certification Officer.

The study suggests that a number of recent industrial relations developments have focused attention on union finances. These include the loss of members, government legislation, several lengthy and expensive industrial disputes, and new packages of membership benefits being developed by some unions. In addition are recruitment drives which raise internal union questions about the relative costs and benefits of pursuing the goal of new members.

As the study accepts, most unions are not there to make money. Indeed, it says that many appear to accept considerable financial penalties in pursuit of policy objectives.

However, it adds that a "minimum level of net worth and solvency is necessary in order to maintain independent existence." Overall, it finds that unions have fared less well in increasing their total wealth than their subscription income.

The overall union figures show considerable real increases in membership and investment income, and in total union net worth (i. e., assets less liabilities) despite real membership decreases.

The study uses its results to conclude that the unions are generally in good financial shape, though it accepts there are difficulties in defining financial health. For instance, on one measure – net worth per head of membership – the ISTC steel union is the richest, at £246.55 in 1985, and the Royal College of Nursing the poorest, at zero, even though the ISTC has seen its membership plummet and the RCN's is growing.

But judged by their capacity to secure a consistent flow of income, the study says most unions are healthy: "One of our most important findings concerns the ability of the majority of unions to maintain and increase real subscription income per capita during a period of overall membership decline."

This ability is uneven, at least in part because unions cannot increase membership subscriptions either constantly or consistently. But the study finds that unions have become more efficient at collecting members' subscriptions, thus raising the yield on a given subscription level. The highest levels are achieved by manual unions.

The most expensive unions to subscribe to are the NGA, Sogat and NUR, and the cheapest Ucatt, the AEU and the EETPU.

Despite all this, however, unions have raised their incomes by raising subscriptions rather than levels of membership. The study even suggests that recruitment drives may not be particularly cost-effective, noting that the period of union growth in 1975-79 is associated with decreasing wealth per member.

Most unions saw a greater rise in real expenditure than real income, with the result that few unions are now more solvent than 10 years ago – the exceptions being the manufacturing union Tass, print union Sogat, the banking union Bifu and "most prominently" the EETPU electricians' union.

But no union suffered consistent deficits. The worst cases are the ISTC, which underwent the 1980 steel strike, and the NUM after the coal strike. The latter saw its net worth halved and its investments reduced by more than three-quarters – although the authors note that in 1985 the NUM still held over a year's worth of expenditure in its funds.

Again, though, the financial impact of disputes is not uniform. Nor, interestingly, is the impact uniformly negative. A dispute can "financially transform" a union, rapidly raising expenditure, but also income to a higher real level. As examples, the authors note that "the teaching unions overall have improved their financial size during recent disputes, and some unions, notably IRSF (the tax staffs' union) came out of long disputes much healthier than they went in."

Concluding that the financial picture for unions, especially the largest, appears generally good, the study says there are nonetheless questions remaining about the unions' management of their money.

It says, for instance, that many unions take decisions – on strikes, on recruitment, on mergers, on rule changes – without reference to their financial position. While unions may be good at some things, such as raising per capita income, the study says that "the evidence of the rise in administrative costs, however, does not indicate close financial control."

Similarly, it says the rise in unions' asset values and investment incomes "do not give the impression that in all cases union funds are managed in such a way as to maximise financial growth or investment returns."

The report concludes by saying that "if, in the 1990s, union membership continues to decline, the effective management of union financial resources is likely to become a bigger issue for union officials and for members."

APPOINTMENTS

Midland names directors for corporate division

MIDLAND BANK has formed a UK corporate banking division consisting of a network of 53 corporate banking centres throughout England and Wales. It is divided into 12 regions, corresponding to the regional organisation of the retail banking division. The corporate banking directors are **Mr Gordon Cairns**, for the City and West End; **Mr Barry Seymour**, London north; **Mr Len J. Hazael**, London south; **Mr John W. Burton**, Home Counties; **Mr Stephen A. Goss**, East Anglia; **Mr Peter G. Reid**, East Midlands; **Mr Brian Wakefield**, West Midlands; **Mr Joe A. Fleming**, North East; **Mr Jim Roberts**, North West; **Mr Alan J. Jewell**, South East; **Mr Alan R. Barber**, South West; and **Mr Glan S. Griffiths**, Wales.

★

APRICOT COMPUTERS has appointed **Mr Peter Thomas** to managing director of its new Xenix division. He was with Rair as sales director.

★

Mr Bryan Baker, group managing director of Tarmac, has joined the board of POLYPIPE as a non-executive director. He is also a non-executive director of Ensign Trust and Volvo Trucks (Great Britain).

★

Mr John Williams, formerly chief executive of Kleinwort Grieveson Securities and previously deputy chief executive of Grieveson Grant & Co, is to join SMITH & WILLAMSON SECURITIES as an investment director on September 16.

★

Mr John Horsham has joined CRESVALE PARTNERS as associate director with responsibility for equity marketing covering the Far East. He will be operating from the London subsidiary, and joins from James Capel and Co.

★

TAYLOR WALKER, a member of the Ind Coope Group, has appointed **Mr Keith Boatman** to the board as retail services director. He was retail development manager.

★

Dr George Somerville has been appointed director of research and technical services of the BRITISH CEMENT ASSOCIATION from September 1. He currently holds this appointment in the Cement and Concrete Association. The British Cement Association was created last month from an amalgamation of the Cement and Concrete Association and the Cement Makers' Federation.

★

W. A. TYZACK has appointed **Mr W. H. Eastwood, Mr E. Q. Launder** and **Mr N. J. W. Swan** as additional non-executive directors. Mr Eastwood assumes the post of deputy chairman. **Mr N.A. Wheatcroft** has retired.

★

Following the retirement of **Mr D. Brierton, Mr A. F. Macpherson** is appointed managing director of TILGILL FORESTRY on September 1. Mr Macpherson is succeeded as director of Tilhill's Scottish division by **Mr M. A. Wilkinson**. On the retirement of **Mr H. E. Trevan-Hawke** as chairman of Tilhill on August 31, he is succeeded by **Mr E. C. Robinson** who is chief executive of the UK agribusiness division of Booker.

★

EMERSON DEVELOPMENTS (HOLDINGS), Alderley Edge, Cheshire, has made the following promotions: at Orbit Developments (Southern) **Mr Chris Munday** becomes divisional marketing director. P. E. Jones (Contractors) has promoted **Mr Peter Newman** to financial director, **Mr Neill Burns** to technical director, **Mrs Susan Bradbury** to group residential sales and marketing divisional director and **Mr Neil Kynaston** to develop manager. Careday Homes has appointed **Mr Joe Savage** to divisional director (development).

Mr Gilbert Black has been appointed a non-executive director of BROWN & TAWSE GROUP. He recently retired from the board of Lex Service where he was chief operating officer UK.

★

HARRIS QUEENSWAY has appointed **Mr John Hambleton** as group property director from September 1. He joins from Ward White Group.

★

Following the retirement of **Mr A. D. Copley**, vice-chairman of UMBRO INTERNATIONAL, **Mr J. V. Bisset** has become chairman and chief executive of this company. He was managing director. He will also be vice-chairman of the holding company, Humphreys Bros., with **Mr S. S. Humphreys** continuing as chairman. **Mr A. H. Brown**, general sales manager, has been appointed sales director of Umbro International.

★

WCRS GROUP has appointed **Mr Michael Ball, Ms Louise McNamee** and **Mr William Sprague** to the group board and the retirement of **Mr Donald E. Creamer** from it. Mr Ball is chairman and chief executive of The Ball Partnership, the group's Australian and Asian-based advertising agency network. Ms McNamee is president and chief operating officer of WCRS Group's New York-based advertising agency, Della Femina Travisano & Partners. Sprague is chairman of HBM/Creamer Pittsburgh.

★

Mr Conrad Milton, who has been head of the stock department of THE ROYAL BANK OF SCOTLAND for the past year, has been appointed an assistant general manager of the bank.

CBI/FT DISTRIBUTIVE TRADES SURVEY

Optimism as July retail sales top expectations

BY RALPH ATKINS

HIGH STREET sales in July exceeded retailers expectations, and there is optimism about further strong growth this month.

The latest Confederation of British Industry / Financial Times survey of distributive trades shows that of 285 retailers questioned, 74 per cent said sales had increased compared with July 1986. Only 10 per cent reported a fall.

That is the highest balance reporting a rise since September, when official figures showed the volume of retail sales rising particularly fast.

The balance of retailers expecting an increase in sales in August compared with the same month a year before, minus those expecting a fall, was +60 per cent. That is the highest level of optimism high street shops have shown this year about sales.

In the first half, retail sales figures moved erratically. This was reflected in the survey which, up to July, showed retailers' expectations consistently being frustrated.

In June, however, the Department of Trade and Industry's index of retail sales rose 3.2 per cent, underlining a strong upward trend. A further increase is expected to be shown in today's figures for July sales.

The survey shows that retailers orders also exceeded expectations. The balance of +48 per cent reporting an increase is the highest for three years. A balance of +47 per cent expect increased orders in August.

Clothing shops, grocers, and retailers selling durable household goods reported the largest increases in June's sales and are most optimistic about sales growth in August.

Among all the distributive trades, including wholesalers and motor traders, a balance of + 60 per cent reported an increase in sales in June. That is the highest balance since the survey began four years ago.

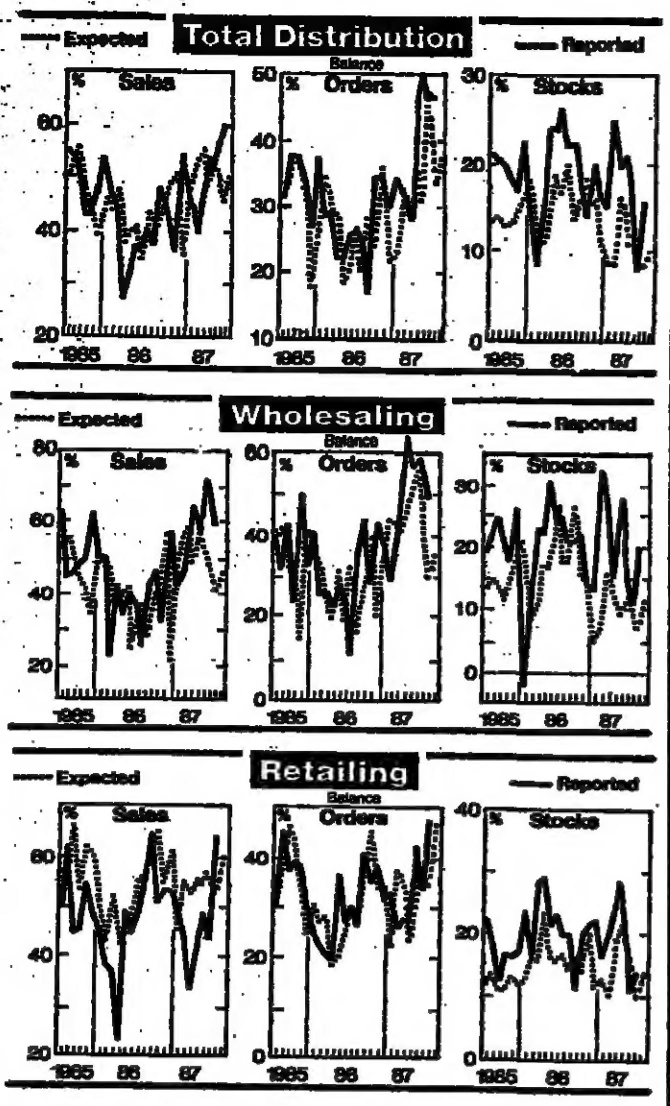
Of 196 wholesalers questioned, 69 per cent reported an increase in June sales compared with the same month a year before. Ten per cent saw a fall. However, the balance showing an increase was lower than the record + 72 per cent recorded in last month's survey.

A balance of +46 per cent expect increased sales in August with wholesalers of food, drink and durable household goods the most optimistic.

Orders placed by wholesalers in June were much better than expected, although not quite as good as in June. Slightly slower growth compared with the same month in 1986 is expected for August.

Motor traders also saw better sales than expected in July compared with the same month a year before. A balance of plus 39 per cent reported an increase.

Orders placed were better than exptected with a record plus 43 per cent ordering more than a year before. A balance of plus 34 per cent of motor traders expect increased sales in August.



End of the line for BT's hold on phone equipment sales

David Thomas looks at a study that shows a decline in the privatised company's share of the market

BT IS losing its grip on the UK telecommunications equipment market right across the board, according to the study by MZA, a specialist marketing consultancy.

The study says that BT is surrendering market share not just in private exchanges, but also in the sale of telephones.

BT's share of the telephone market fell from 79 per cent in 1985-86 to 66 per cent last year. It will decline further to 44 per cent by 1989-90, MZA predicts.

The study states: "BT is losing its share of both business and domestic telephone markets."

It adds, however, that BT's market share of business 'phones is dwindling more rapidly, partly because the supply of business 'phones is linked to that of private exchanges.

The high-street telephone market almost doubled in size last year to 1.57m 'phones, worth £46m at retail prices. MZA is forecasting that the retail market will double again by 1989-90.

Dixons had the biggest share of the retail phone market last year with 19 per cent, followed by Comet (15 per cent), Argos (11 per cent) and Boots (10 per cent), the study says. BT shops took only 4 per cent.

Overall, the market for telephone handsets grew by 21 per cent in 1986-87 compared with 1985-86, a year in which BT de-stocked. The study forecasts single-figure growth this year and beyond.

By contrast, the PABX (private exchange) market peaked in 1985-86. It fell 7 per cent last year, as a result of the big modernisation programme carried out earlier in the decade.

The study forecasts that the market for private exchanges of under 100 lines will not grow again until next year, when replacement picks up. The market for larger exchanges, with more than 100 extensions, however, will fall until 1989-90.

Sales of exchanges for smaller businesses, known as key systems, fell again last year and will continue to do so this year. MZA is forecasting a recovery of that market next year.

MZA is predicting significant growth, however, for the smallest business exchanges, known as single-line systems. That is partly because do-it-yourself installation of such systems is now allowed.

The study says the only constraint on the growth of this market is the lack of suitable distribution channels.

The telephone answering machine market will almost double between 1986-87 and 1989-90, growing from 300,000 machines to 580,000, MZA predicts. Sales to domestic users will grow most rapidly, stimulated partly by units that combine telephones with answering machines.

About 89,000 cellular mobile telephones were sold last year, up 75 per cent on the previous year.

The study says the market will continue to grow this year, with 102,000 'phones sold. However, it predicts that the sales will fall next year to 90,000 and will remain static thereafter to the end of the decade.

The UK Telephone Attachment Market to 1989. MZA, 20 Daniel Street, Bath BA2 6ND. £3,500.

UK TELECOMMUNICATIONS EQUIPMENT MARKET

	Year ending March			
	1986/87	1987/88	1988/89	1989/90
	£m	£m	£m	£m
PABXs	140.7	97.5	82.2	92.5
Key systems	75.4	56.6	59.3	65.5
Single line systems	1.5	7.5	13.5	24.3
Telephones	99.8	103.6	109.3	114.4
Telephone answering machines	21.8	25.5	30.5	35.4
Cellular telephones	53.0	55.0	50.0	50.0
Radio pagers	12.0	16.5	22.7	30.9
Total	404.4	362.2	367.5	413.0

Constant 1986/87 prices, ex-manufacturer. Source: MZA

Fall in National Savings net cash inflow

By Hugo Dixon

NATIONAL SAVINGS attracted a net cash inflow of £17.8m last month, down from £42.5m in June but similar to the inflow in the previous two months.

The continued low level of net receipts is a reflection of the fact that National Savings is paying lower rates of interest than building societies.

Last month saw another large net outflow from fixed-interest certificates, amounting to £71.9m. There was also a net outflow of £30.2m on index-linked certificates. Income bonds attracted a net inflow of £116.5m.

When accrued interest is included, the total contribution of National Savings to government funding last month was £178.1m, compared with £234.7m in June.

BR poster investigated by advertisements authority

BY MICHAEL SKAPINKER

THE Advertising Standards Authority is investigating a British Rail poster that appears to offer commuters the opportunity to complain personally to a BR area manager.

Miss Diana Bird, the authority's public relations manager, said the investigation concerned a poster at Waterloo station showing Mr Alan Futter, the area manager, speaking on the telephone beneath the headline "Alan Futter is on this line." The poster provides a telephone number on which passengers can contact Mr Futter with comments on BR services.

A passenger complained to the authority last month after he failed to reach Mr Futter by phone. Miss Bird said that when the passenger complained to BR in writing, he received a letter telling him it was unlikely that Mr Futter would be able to contact him personally.

The authority wrote to British Rail last week asking for its response to the complaint. It has not release the name of the complainant.

BR said posters of managers on the phone had been on display at Network South-East stations for about a year. In busy regions, a complaint might be dealt with by one of the area manager's team rather than by the area manager himself.

BR added: "The area manager couldn't be available to answer every query. It's rather, if I may say so, like writing a letter to a newspaper. You might get a reply from a senior member of the editor's team. If it's a very serious matter you might get a reply from the editor directly."

Call for controls on development bodies expected

BY HAZEL DUFFY

TIGHTER controls over urban development corporations are expected to be urged on the Government by the National Audit Office, the parliamentary watchdog on public spending.

Concern is likely to be expressed by Sir Gordon Downey, Comptroller and Auditor General, when the report is published early next year, that control over the activities of the two UDCs currently being studied has been too lax. That is particularly the case in London Docklands, where some £400m of public money has been spent.

The study by the team of parliamentary auditors is the first independent assessment of public spending in the UDCs since they were set up in London and Liverpool six years ago.

The NAO will be anxious that its recommendations should be accepted in time for the Department of the Environment, the sponsoring department for the corporation, to adopt more stringent controls in the four new corporations — Trafford Park, near Manchester; Tyne and Wear; Teesside; and the Black Country—that are now getting under way.

Another has been set up in Cardiff by the Welsh Office. The corporations are now an important part of the Government's urban renewal programme, and more are planned by Mr Nicholas Ridley, Environment Secretary.

They are managed by teams appointed by boards of directors, who are appointed by the Environment Secretary. Control under this two-tiered structure — similar to the Newtown Development Corporation — is at risk of being too remote from the centre unless strictly monitored.

The parliamentary auditors are also concerned about more specific aspects of the operation of the UDCs. For example, the chain of control in the authorisation of land disposal and they way in which the selling price of the land is arrived at appear not to be satisfactory.

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The Government is drawing up performance indicators for the new corporations. They will include the private-to-public investment ratios, and the number of jobs created.

The NAO, however, will point to the need for such indicators to be monitored carefully if they are to give any meaningful indication of how effectively public money is being spent. For example, it is not enough to make claims for job creation without showing whether they are genuine new jobs, or transfers into the UDCs from outside.

The Commons Public Accounts Committee wil almost certainly follow up the NAO report with its own investigation next year.

Materials suppliers see peak in building

By Andrew Taylor

BUILDERS MERCHANTS' June sales figures confirm that the private house-building surge may have peaked this summer. A survey of members of the Builders Merchants Federation, with annual sales of about £5bn, says its finding are consistent with other recent statistics that have indicated that the sharp rise in house building in the first quarter may have levelled out.

The federation said its survey showed that building-material sales in the year to June had risen by 8.2 per cent. That was only marginally higher than the annual rate of increases recorded in April and May.

The Environment Department this month reported that starts on new private homes in the three months to the end of June, after allowing for seasonal adjustments, had fallen by 7 per cent compared with the first quarter.

Seasonally unadjusted month figures published by the department also indicated that a plateau had been reached in private-sector housing starts, which achieved their highest level for 15 years in the first quarter.

A report published two weeks ago by Britain's biggest building society, the Halifax, also indicated that the dramatic rise in house prices of the past 18 months may be starting to level off.

The society's latest national price survey showed that the rate at which prices rose slowed slightly in the three months to the end of June, notably in London, where some of the biggest increases have occurred recently.

Since May the annual rate of house-price rises in the capital has fallen from about 25 per cent to just under 24 per cent. House prices were now rising fastest in East Anglia, the society said.

A circular on the building industry published this week by Morgan Grenfell, the stockbroking firm, says it expects house prices to continue to rise in real terms next year but more slowly, with increases likely to be restricted to single figures.

That does not preclude weaknesses in certain areas such as London and other parts of south-east England where house prices have grown most strongly in the past 18 months, the brokers says.

However, the recent continuing high level of private-sector housing starts should underpin house builders' workloads into next year. Morgan Grenfell estimates that private housing completions should rise to about 180,000 this year compared with 175,200 last year and 161,380 in 1985.

The broker forecasts that next year about 170,000 private houses will be completed, about the same level as last year.

Janet Bush on the furious debate over Britain's economic prospects

High wage levels pose threat to exports

THE unease pervading London's financial markets since the morning of Mrs Thatcher's general election victory has centred on concern that inflationary trends during rapid economic growth are worsening and that the balance of payments is heading for a big deficit, if not this year then next.

Furious debate in recent weeks has concerned British industry' capacity to keep pace with buoyant domestic demand. If it cannot, upward pressure on goods prices might start to build.

Worries have focused on the continued sluggishness of investment when capacity utilisation is running at historically high levels and there are signs of isolated skill shortages and localised tightness in the labour market as unemployment falls sharply.

On the balance of payments, the crucial question is whether UK manufacturers can keep their share of export markets at a time of sluggish world economic growth, identified last week by the Bank of England in its Quarterly Bulletin as a threat to Britain's economic prospects.

Trade statistics for May and June showed a strong recovery in import volumes after a relatively subdued first quarter when domestic demand was temporarily weak. It seems almost inevitable that when Britain's growth rate outstrips that of its dealing industrialised competitors, import volumes will continue to rise.

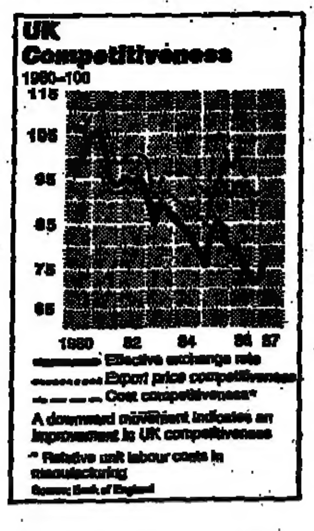
May's trade figures, and to a lesser extent June's, suggested UK companies were actually beginning to lose market share. The evidence suggests that, if anything, British industry is set to become less competitive.

The exchange rate is one important factor in determining competitiveness. In a recent survey of industrialists, on monetary policy, the Confederation of British Industry concluded that manufacturers were more concerned about exchange-rate volatility than interest-rate instability.

The vie win the confederation appears to be that industry can live with a sterling rate of below DM 3.00 but that manufacturers exporting to the US were finding life difficult at $1.60.

The Bank said in its bulletin that the 5 per cent appreciation in sterling this year had eroded some competitive gains made from last year's sharp depreciation in sterling.

However, the exchange rate is only one component of competitiveness. Indeed, Goldman Sachs, the US securities house, believes sterling competitiveness is now about the same as it has been on average since 1983, tending to undermine the widespread belief that Britain is unusually competitive for exchange-rate reasons at present.



The factor that appears to be of most concern to the authorities now is the still high level of wage settlements being awarded by British employers. That is beginning to feed through to official statistics on unit wage costs.

The Treasury believes wages are too high and that earnings rising at nearly 8 per cent a year coupled with current exchange rates imposes a tough discipline on British industry.

In June unit wage costs in manufacturing industry were 1.5 per cent higher than a year earlier, representing a sharp acceleration in cost increases since March when they were only 0.2 per cent higher than a year ago. Although the figure in March appears to have been erratically low, the trend is now definitely upwards.

The danger lies in the precarious balance which, until now, has been maintained between surging productivity and very high earnings growth. Problems on costs will almost certainly arise when productivity growth slows but average earnings remain high.

The Bank, in a special study of manufacturing-sector productivity in its bulletin, estimated that the underlying rate of productivity growth was between 3 per cent and 4 per cent, well below the 6½ per cent growth in the three months ended May compared with the corresponding period last year.

If productivity were to return to nearer its underlying level which many forecasters think likely, and the underlying annual rate of earnings growth remains near to 8 per cent, this suggests unit wage costs will grow at something like 4 per cent. That is far faster than most of Britain's competitors. The average growth in unit wage costs in major industrialised countries is about 2 per cent.

Mr Kevin Gardiner, an economist with Warburg Securities, estimates that Britain's relatively high unit wage costs will mean a 2½ per cent loss in trend competitiveness next year, leading to a current account deficit next year of £3.5bn, according to Warburg's present forecast.

There has been much evidence of an improved supply response by manufacturing industry. Delivery has been more reliable, there is much anecdotal evidence that the quality of British goods and their marketability has improved.

Partly because of weak commodity prices and partly because of the above-trend surge in productivity, costs have been subdued and manufacturers have been able vastly to improve their margins in recent years.

Now, however, cost trends are turning against manufacturers and, however improved the supply response, high wages threaten to price British goods out of world markets.

Tractor sales turnround seen

BY NICK GARNETT

FIRST indications that the steady decline in UK agricultural tractor sales over recent years might have been reversed emerged yesterday with the publication ofthe latest registration totals.

For the seven months up to the end of July, 10,771 tractors were sold in the UK, according to figures from the Agricultural Engineers Association.

Although this is still 8 per cent less than during the same period in 1986, it shows a dramatic improvement over the first few months of the year.

In February, March and April, registrations were down by between 16 and 41 per cent over the same months of the previous year.

In May and June, however, they were up by 26 and 29 per cent respectively and July registrations were higher by almost 40 per cent. Sales so far in August have been ahead of figures for August 1986.

The volatility in month by month sales from one year to the next has been caused by the gradual phasing out of capital allowances.

In recent years this led to a jump in sales during the first few months of the year but now that allowances have been scrapped, buying has reverted to a pattern based on farming seasons.

Mr Chris Evans, the association's economist, said yesterday: "Capital allowances made a fantastic impact on the timing of purchases.

"If sales continue as they have been doing this year it could better last year's total." In 1986 18,830 tractors were sold.

The pronounced geographic variation in sales already in evidence this year seems to be continuing.

In the first seven months, sales in eastern and south-eastern counties were higher by up to 10 per cent compared with last year. In the northern region they were down by 23 per cent and in Northern Ireland by 31 per cent.

Revenue from historic sites at record £118m

BY DAVID CHURCHILL

HISTORIC buildings and gardens throughout England earned a record £118m in 1986, according to figures published today by the English Tourist Board.

The board reports that revenue from historic buildings was up 6 per cent last year compared with 1985.

The increased income, from souvenir sales, catering, and admission charges, came in spite of a drop in overseas visitors to the UK last year, especially from the US.

The drop in the number of visitors led to sharp falls in the number of visitors to the top three English historic tourist attractions. They are the Tower of London, the Roman baths at Bath, Avon, and the state apartments at Windsor Castle.

Visits to National Trust properties showed an increase of 1 per cent last year, although admissions to government and private properties were down.

However, the board says the position has improved sharply so far this year, with visits to National Trust properties up by 10 per cent in the first six months of this year compared with the equivalent period last year.

English Heritage Monitor 1987, English Tourist Board, 4 Bromells Road, London SW4. £9.

Policy on colleges attacked

BY OUR POLITICAL CORRESPONDENT

THE GOVERNMENT is accused today of discriminating against Britain's polytechnics and public-sector colleges by giving disproportionately more money to the universities.

Mr Derek Fatchett, the Labour Party spokesman on higher education claims today that polytechnics are being forced into "academic version of factory farming." He says there is growing evidance of overcrowding, old and inadequate accommodation and the shortage of teaching facilities.

In a letter to Mr Kenneth Baker, the education secretary, he says while polytechnics and other public-sector colleges will take most students moving from A-levels this autumn and offer a wider range of courses, it is the universities that continue to enjoy the lion's share of resources.

The number of students in universities has remained static since 1979-80 at about 276,000 while the numbers in the public sector of higher education have risen from 343,000 in 1979-80 to 425,000 in 1984-85, the latest year for which figures are available.

Mr Fatchett says the disparity of funding can be shown by the amount of money allocated for spending on individuals, which has increased by £1,860 a year at the universities and £515 at polytechnics between 1979-80 and 1984-85.

As the race for places in higher education intensifies after publication of A Level results, Mr Fatchett says that some colleges are now showing signs of being unable to cope with the sheer weight of student numbers. Although they need new building and maintenance, the Department of Education and Science is blocking funds for such work.

He cites inadequate levels of spending at polytechnics as far apart as Bristol, Liverpool and Leeds, also the Royal Northern College of Music.

In his letter to Mr Baker he says: "Polytechnics do not deserve the second-class image sometimes attributed."

He says the "outdated system of academic elitism" was not a fitting reward for the hundreds of thousands of students who had worked so hard for A Levels, or for colleges that were striving to accommodate more and more students each year.

He says there is an estimated £160m required to remedy deficiencies in the provision of information technology studies at colleges.

Timeshare standards move

BY DAVID CHURCHILL

MOVES to improve standards in the timeshare industry have been made by three leading UK timeshare trade associations.

The groups have merged to form the Timeshare Developers Association with stricter entry qualifications and a new code of conduct.

The move follows extensive criticism of sales methods used to persuade holidaymakers and others to buy into timeshare property developments in continental Europe or the UK.

There are an estimated 100,000 timeshare owners in the UK, with properties in more than 2,000 resorts worldwide. Time sharing enables holidaymakers to buy the use of a property for a few weeks in a year.

The three trade associations coming together are: Timeshare Developers Group, British property; Timeshare Association, and European Holiday Timeshare Association.

Terrorism study group to launch fund appeal

FINANCIAL TIMES REPORTER

THE Research Foundation for the Study of Terrorism, believed to be the first independent charitable educational trust to foster research into terrorism — particularly that aimed at business—is to launch an appeal for funds this week.

Professor Paul Wilkinson, chairman of the trustees and professor of international relations at Aberdeen University, says: "The need for in-depth, impartial research bringing together such disciplines as the law, international relations, criminology and technology has been apparent for some time."

One project the trust hopes to finance from the appeal is a comparison of trends in kidnapping and other forms of terrorism, drawing on data bases throughout Europe.

Prof Wilkinson says: "In Latin America, Spain and Italy, for example, there appears to be a strong tradition of criminals kidnapping for money.

"Their victims tend to be wealthy individuals from that country, perhaps because they feel they are more likely to get away with it without involving the full force of foreign security services."

In the Middle East and south-east Asia, however, Prof Wilkinson says, the value of foreigners is seen to be so great that they are the most sought after target.

Other areas for study include the care of terrorist victims, how to cope with being a hostage and how to adjust after captivity, and the impact of international law on extradition and hijacking. A conference is planned for December.

The foundation's advisory council includes Commander William Hucklesby, former head of Scotland Yard's anti-terrorist squad

Research Foundation for the Study of Terrorism; 40 Doughty Street, London WC1 N2LF.

SDP chief Robert Maclennan is profiled by Our Political Staff

Backroom lawyer enters limelight

THE EMERGENCE of Mr Robert Maclennan, the 51-year-old MP for Caithness and Sutherland, as caretaker manager of the SDP recalls the saying that some men are born great, some achieve greatness and others have greatness thrust upon them.

For here is the archetypal backroom lawyer forced by the turmoil in his party into the political limelight, the achitect of the SDP's constitution whose task now is to carry the party's standard into the delicate merger talks with the Liberals.

The idea that the gentle and hesitant Mr Maclennan would be playing this role would, a few weeks, even days, ago, have been laughed out of court. He is intelligent, hard-working and articulate, but his 21-year parliamentary career is not remembered for star performances at the front of the political stage.

It is very unlikely, although not impossible, that before nominations for the leadership close on August 27, either of the remaining diehard supporters of Dr Owen—Mrs Rosie Barnes and Mr John Cartwright—will step forward to challenge the "deserter."

Ashley Ashwood

Maclennan: intelligent, hard-working and articulate

But his position appears invulnerable since — crucially — he has not foresaken Owenite policies, notably on defence and the social market economy. The key to Mr Maclennan's approach to the merger negotiations—and it remains to be seen how easily acceptable he will prove to Liberals—is that his split with Dr David Owen came over the strategic wisdom of going into the political wilderness. He is not in the game of resuscitating polices that caused him to leave the Labour Party.

Mr Maclennan would prefer a period of calm reflection after Dr Owen's resignation as leader on losing the membership ballot over relations with the Liberals. He had planned to make a typically considered speech to the party faithful at their Portsmouth conference at the end of this month. However, his characteristic agonising was brought to a halt at the weekend after the exhortations of colleagues such as Mrs Shirley Williams, the SDP president, and the party's co-founder, Mr Roy Jenkins.

He was born in Glasgow in 1936, the son of a prominent gynaecologist. After studying at Glasgow Academy, he read law at Balliol and was called to the Bar in 1962.

He was selected as Labour's candidate for the 3,000 sq mile Highlands constituency in 1966 and went on to capture the seat from the sitting Liberal Mr George Mackie by a mere 64 majority at the general election of that year. As with Mr Charles Kennedy, the young MP for the next-door constituency of Ross, Cromarty and Skye, who had at one stage been tipped as a possible leader, he has consolidated his position in an area where the person, not the party, is all-important. At the last general election he had an 8,500 majority.

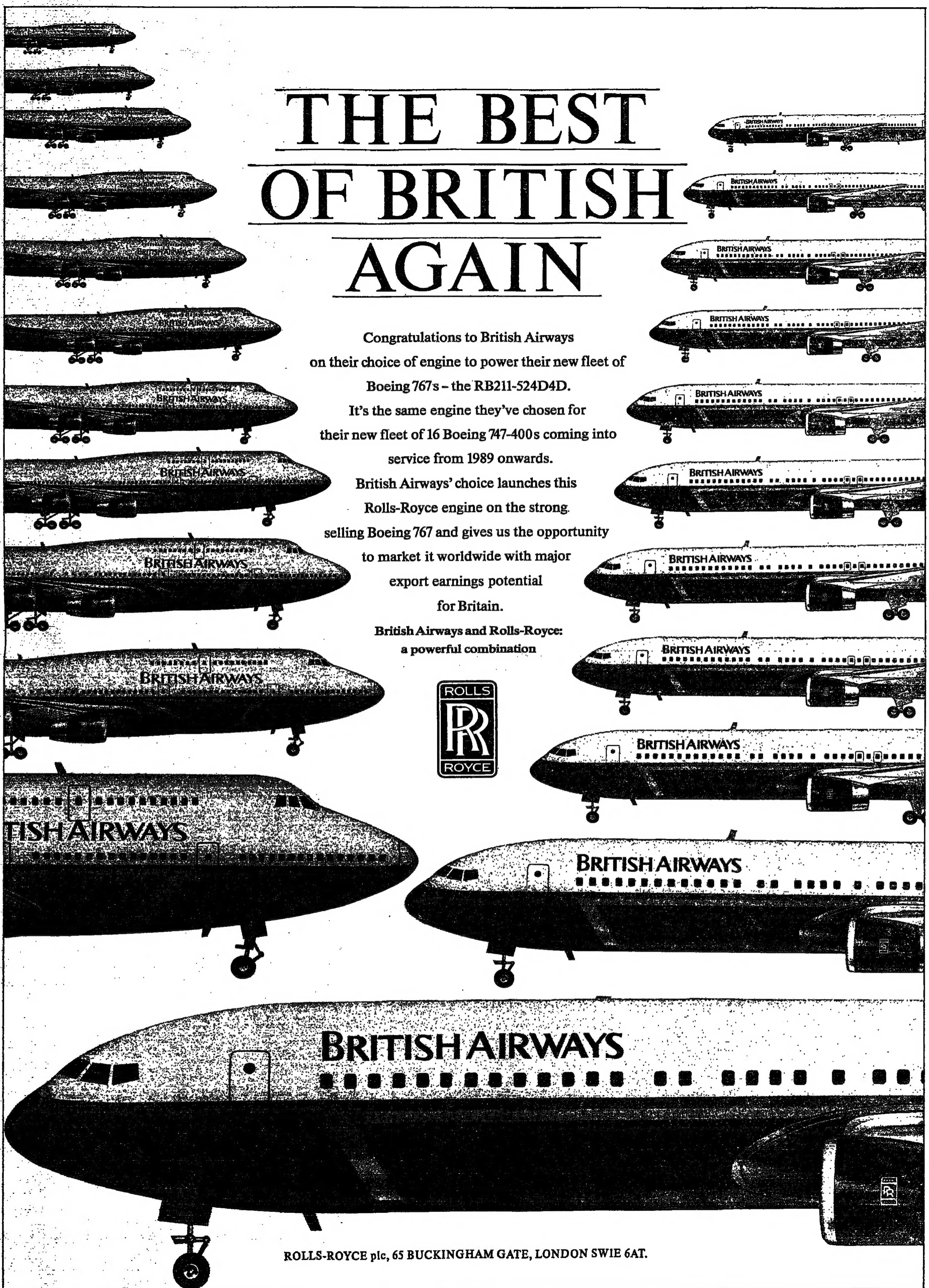
The existence of Dounreay as the biggest employer in his consituency has caused a serious policy difference with the Liberals over nuclear energy, which he has favoured for the obvious reason of jobs.

In 1972, Mr Maclennan resigned as a Labour foreign affairs spokesman over the party's opposition to the EC. His sole ministerial experience came as a junior minister in the Department of Prices and Consumer Protection under Mrs Williams in the 1974-79 government.

In 1981, he was one of the original Labour defectors to the SDP and became close to Dr Owen, although he voted for Mr Jenkins for the leadership. When Dr Owen eventually took over as head of the party in 1983 he expressed his concern to the new leader about hostility towarsd the Liberals. He is currently the SDP spokesman on agriculture and fisheries.

Mr Maclennan has been variously described as shy, fussy, verbose and lacking the stomach for tough political infighting. He now has the unenviable job of holding the SDP together knowing that Dr Owen is adamantly refusing to reconsider his position, and to stamp as much of the SDP's policy and personality on to the merged new party.

Success, if not greatness, beckons if the new proposals for a further ballot of members early next year gives the go-ahead. However, there are not many who would speculate on his becoming the next leader. Mr Maclennan is simply the best man for the job in hand.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Boeing 767s – the RB211-524D4D.
It's the same engine they've chosen for
their new fleet of 16 Boeing 747-400s coming into
service from 1989 onwards.
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Rolls-Royce engine on the strong
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Fighting for the likes of them

JOHN LLOYD

"IT'S not for the likes of us." That remark, carrying a weight of resentment, was made at a public meeting in London's docklands, held to inform local residents about plans for the Canary Wharf business centre.

I judged that few of the audience took in much of what was being said; not because they could not. but because they would not. They did not want it because it was seen as an intrusion into a settled community, bringing them nothing in the way of employment, status or a better life.

They were right. The banking halls and offices planned for Canary Wharf assumed, in the main, an emigration from the City. The invaders would be the brightest graduates of the oldest universities, practitioners of the smooth and rough arts of banking, broking, dealing and lending; a few east end wide boys and girls, certainly. but very few, one would guess, from the Isle of Dogs.

The "likes of us" are largely excluded from these worlds—by education, accent, class, social networks and, most of all perhaps, by the ingrained view that they *would* be excluded if they tried to get in. And there is another element: these people were dockers, or had been. The docks had gone, but the bleak estates around the basins remained, put there to house a labour force which had neither labour nor force any longer, which could only cry out in the "community" hall on a cold and blustery night that what was being proposed was "not for the likes of us."

This is the last cry of a dying class. It was heard, too, more insistently, three years ago as the miners struggled to conserve not just their pits but their position in the labour movement and in the political scheme of things. It is not that dockers and miners cannot get different kinds of jobs, or that their sons and daughters will not move out of the communities and cultures which bred them. It is that the decimation of the industrial working class renders redundant the old socialist/labour movement project of that class dominating society through "its" party and "its" government.

The working class, at least as constituted by socialists and Marxists, can no longer be the agent of change in industrial societies. It has to take its chances among a galaxy of competing groups, some claiming a greater morality than it does.

The collapse of the industrial workers as the main agent of historical change is a root cause of the crisis on the left. Even among those who run left-of-centre parties and occupy ministerial posts in western democracies, there used to be a residual belief in the destiny of labour—especially in Britain, where the Labour Party was, and remains, tied to its purse strings. The excision of that view from the minds of all but the more romantic or starkly ideological has left a void where a mission should be, and lies deep behind the policy flounderings which characterise much of the left in Europe.

The question — in whose name are you acting?—cannot easily be answered by adherents of the left. If the working class has no imminent destiny and canont, by achieving it, transform society, then the left is forced back on to a terrain of pragmatism.

It is clear that the Government has been able to speak to those who, while they define themselves as working class, do not say, like the dockers of the Isle of Dogs, that this or that is "not for the likes of us" but say instead: "I want some of that." It has delivered more trade union democracy and the ability to buy shares and council houses—popular, working class reforms. In doing so, it has faced a Labour opposition inhibited by a residual loyalty to a corporate working class identity, which is being driven back more and more into

What does that leave? Fragments, of course, with the warring wings of the Alliance fighting over a contracting middle ground and a Labour Party turning this way and that to re-orient itself. The latter is going for a policy package and presentational style which will achieve the double trick of being caring but credible, benign but business-like, pushy but pleasant—or whatever marriage of opposites can straddle the perceived concern of the voters.

The value of the left can be this: to enter uninhibitedly into the debate about what to do with and about the poor and the workless; to articulate the internal desolations which the market tends to exacerbate, but which socialism—as practised in state socialist countries or in social democracies — does little to recognise, let alone alleviate.

In the first of these instances, it will have initially more questions than answers. The questions concern how far the poor need support and how far they can assist themselves; or more likely, how far they can assist themselves through support. If it has a hope of remaining the party of public provision, it must become fully concerned with the efficiency of that provision.

In the second instance there can be little doubt that the disturbances of our times—anxiety, stress, loneliness, anger—will feature more on the public agendas. The making public, or politicisation, of these private dilemmas and tortures is likely to be the new political terrain of the last part of this century and into the next, as (in the west at least) fewer people seek refuge in religion.

It would, for example, be able to offer something to the dispossessed community now sullenly watching Canary Wharf being developed. It might derive some real authority if it told them that it *is* for the likes of them as much as for the Oxbridge prodigy; or, conversely, to tell the developers that this is *not* the place for them.

John Lloyd is editor of the New Statesman

INTERVIEW

Ashley Ashwood

Back in the Black

Conrad Black has returned the Daily Telegraph to profit. Raymond Snoddy meets the proprietor

LIKE MOST television stations and newspapers in the World the Daily Telegraph had the habit of calling President Reagan's Iran-Contra troubles Irangate for short.

It does not do so any more.

"I said we simply must not use the word Irangate. It's a spurious and short form of misinformation," said Mr Conrad Black, the proprietor of the Daily and Sunday Telegraphs, who believe there is absolutely no comparison between the illegalities of the Watergate scandal and Mr Reagan's mistakes.

Mr Black is not the kind of newspaper owner who meddles in editorial content on a daily basis or who believes that newspapers are the playthings of powerful proprietors. But neither is he the disinterested absentee landlord he appeared to b when he first took a controlling interest in the Daily Telegraph in December 1985.

"I don't feel it is appropriate for me to intervene very much in the coverage of domestic (UK) affairs. On coverage of foreign matters I have no such compunction and I have made my views quite well known," says Black who is a passionate believed in the Atlantic Alliance, an "enlightened conservative" and an "unabashed and unambiguous" admirer of Mrs Maragret Thatcher. He also thinks that President Reagan is on balance an outstanding president, although a man of uneven abilities. When th eDaily Telegraph carried a leader critical of the American bombing of Libya, the proprietor thought the position of editor, Mr Max Hastings, was mistaken.

"What I told Max was that the leader and the piece by Ferdinand Mount beside it were 'seriously falacious analyses of what really happend.' But I did not do it in any way that was intimidating or restricting to them." he adds.

Conrad Black is emerging as one of that small band of international newspaper publishers who can operate on both sides oft he Atlantic. He invites comparison with his fellow citizen the late Lord Beaverbrook (legendary proprietor of the Daily Express) and the late Lord Thomson (one time owner of the Times), who came to Fleet Street in search of money, power and peerages.

Black says he recoils from Beaverbrook as a propagandist and to a lesser extent from Lord Thomson—the total businessman, little interested in what went into his papers—and adds that unlike them he is not looking for a peerage.

"I like London and am very pro-British, but I do not necessarily regard London as the centre of the political and cultural world.... I am not a seeker after status here more than I already have through being the principal shareholder in one of the country's important newspapers."

He may not be a Beaverbrook or a Thomson, yet the role of international newspaper proprietor is clearly one that Conrad Black relishes.

A heavy physical presence exudes resolution and a stream of forceful opinions on everything from Third World debt to 19th-century British prime ministers.

Why does he so admire the British Prime Minister? 'I said to her the other day I thought the revolution she had wrought was more profound and beneficial by far than the two episodes in British history that enjoy that description. The decapitation of Charles I and deposing of James II did practically nothing for the economic life and work ethic of this country. By bringing back the notion that economic self-interest is something that is legitimate—and not something to be smothered and exterminated by the nonconformist guilt complex and conscience of this country—she is giving to effort of almost every kind what is the surest incentive for it," says the man who has written a 700 page biography of the Quebec Premier Maurice Duplessis.

Black has always been disgracefully precocious. When he was eight he used his C$60 savings to buy a single share in General Motor—a share he still owns, although now it has grown to three through a three-for-one issue.

His father, George M. Black, was president of a company called Canadian Breweries (which became Carling O'Keefe) and a significant shareholder in the Argus Corporation, the large Canadian holding company that his sons Conrad and Montagu would one day control.

With degrees in 6history from Carleton and McGill universities and a law degree from Laval, Black is proud of having a foot in both the academic and business camps.

At the age of 43, Black owns 75 per cent of assets he believes would be worth C$650m if sold and he has no sense of embarrassment about his wealth or desire to live as anything other than the rich man he is: "It is after all my money and I made it," he says.

Black formally dons the mantle of international newspaper proprietor next month when he becomes chairman of the Daily Telegraph on the retirement of Lord Hartwell. In a neat coincidence of timing, September will also be the month when the Telegraph moves into profit for the first time after two years — years which took the newspaper perilously close to receivership.

The decline in circulation from more than 1.4m in the 1970s has been arrested at around 1.15m, nearly £50m a year has been cut from operating costs and in the past few weeks the paper has left its old Fleet Street headquarters for South Quay in London's Docklands.

By 1990, Mr Black believes the company should be aiming at pre-tax profits of 20 per cent. He is also starting to think about the possibilities of regionally modified editions of the paper "to give new meaning to the phrase national newspaper."

Less than two years after he took control of the Telegraph with an investment of about £30m, it is looking like "an unusually opportune deal."

"It is an opportunity that no-one should expect to see come again because it is such a unique newspaper franchise. It is unarguably one of the world's great newspaper franchises," said Black, whose business life began with a chain of small Canadian newspapers which he still owns.

● PERSONAL FILE

1944 Born in Montreal, Quebec, educated at Carleton, Laval and McGill universities

1966 Entered newspaper business as chairman and co-proprietor of Eastern Townships Publishing Company and La Societe de Publications de L'Avenir de Brome-Missisquoi

1977 Published 700 page biography of Maurice Duplessis, the controversial premier of Quebec

1978 Became president and chairman of the executive committee of the Argus Corporation and through this, chairman of Massey Ferguson

1980 Stood down as chairman of Massey

1985 Paid £10m for a 14 per cent stake in the Daily Telegraph

1985 Took control of the Daily and Sunday Telegraphs; to become chairman in September 1987.

The Telegraph investment, he explains, was a calculated risk made before any agreement had been decided with the print unions on new technology or more efficiant manning levels.

"I bet on Mrs Thatcher and on Mr Murdoch and they turned out not to be bad people to bet on," he says. Getting control of the Telegraph was Black's second great business coup. The first was in 1978 when he won control of the Argus Corporation.

Both were institutions which had seen better days and were in the throes of handing over from one generation to the next.

With the Telegraph, the key was making his £10m (14 per cent) stake taken in June 1985 conditional on being given first refusal on any future disposal of shares. The financial position of the company deteriorated with alarming speed that summer, largely because of the huge burden of paying for new printing centres in Manchester and London.

In December, Black saved the company with a £30m package that included subscribing for new shares and underwriting others. In return he gained control.

Taking over Argus had been even more dramatic — Black and his associates managed to win control with a borrowed C$10m, because of faction fighting on the board and the fact that the voting shares were concentrated in a few hands.

With control of Argus he gained about 14 per cent of participating equity of a company that owned between 11 and 23 per cent in other companies — one of them Massey Ferguson, the farm equipment company.

One by one the pieces of Argus were disposed of, often amid controversy. Black was accused of walking away from the problems of Massey-Ferguson, by first resigning as chairman after two years and then by giving the 16.3 per cent Argus stake to two of the machinery company's Canadian pension funds "without consideration."

The stake in Domtar, the Montreal forest products group, was disposed of as the interest in Dominion stores. The process was completed last year with the sale of the 41 per cent Argus stake in Norcen Resources, the Calgary energy group, for C$300m.

It was, says Black, a painful process of tearing down and restructuring that did not win instant popularity but he says he knew no other way of getting from where he started to where he is now.

"We all have to be economic Darwinists and we must temper that with as much compassion as we can without the ship sinking through an excess of compassion," says Black, claiming that the shareholders did well out of the strategy and as many jobs as possible were saved.

Now Black has "thrown down the mask" and Argus is nothing more than the ultimate holding company for more than 50 newspapers in the US and Canada.

Black says he likes newspapers because they are businesses that are both interesting and profitable and because they give him access to everyone he wants to meet. He would like more of them.

There are plans to co-launch new English language dailies in Montreal and Ottawa and research will be carried out to see if there are any potential newspaper acquisitions in the UK. But he is not competing in any frantic newspaper acquisition race against Mr Rupert Murdoch or Mr Robert Maxwell. Nor is he pining for a career in politics on either side of the Atlantic.

"I do what I do and I think I get on reasonably well, but my greatest pleasure beyond the satisfaction of basic appetites is to sit at home with my family and my cats arel read my books," says Black who is often portrayed as a brooding figure addicted to hero worship of Napoleon and war games with toy soldiers in the basement of his house.

"I do not in fact own one toy soldier and I never have," says Mr Black although he has taken part in historic war games a couple of times at a friend's house

As he takes over the chair at the Daily Telegraph, Black has a clear vision of where he wants to go that has little to do with cats, toy soldiers or Napoleon.

"I want to build a first-class international newspaper company and I think the omens are favourable. As a writer, I am gently approaching the task of some sort of work on historical philosophy that is original and not superficial. That may take a long time. The mountain may not give birth but it will not give birth to a mouse," says Conrad Black.

Spycatcher, the law and reality

JUSTINIAN

ON THE 30th of July, when the five Law Lords announced their wafer-thin majority decision in favour of the Attorney-General, in advance of their separate reasoned opinions, the media response was instantaneously hostile to the revealed majority in the shape of Lords Brandon of Oakbrook, Templeman and Ackner. Against a concensus of public opposition to the majority decision, there were muffled and rumbling complaints that the media's outraged criticism was premature, misplaced, and ill-founded.

Now that we have their Lordships' opinions — all 44 pages of them — the verdict must be that the media's criticism was well-founded in their castigation of the pronounced assault on freedom of speech. One need only point to the barely restrained judicial outburst from Lord Bridge of Harwich and the more modulated and compellingly argued judgement of Lord Oliver of Aylmerton to realise that the majority had got it plain wrong.

The most memorable phrase from their Lordships is Lord Oliver's: "The price that we pay is that the liberty of the press may be and sometimes is harnessed to the carriage of liars or charlatans, but that cannot be avoided if the liberty is to be preserved." It is the unanimous sense of outrage at Peter Wright's infidelity to his country by revealing the confidentialities of his chosen occupation in the secret services that led the majority of the Law Lords to abandon the straight and narrow path of judicial impartiality. It is the minority's adherance to the finest traditions of English judges that led them to acknowledge Mr Wright's treasonable conduct, and yet not be overpowered by it in the wider interests of civil liberties.

Lord Templeman devoted his speech to an examination of Article 10 of the European Convention on Human Rights, which guarantees freedom of speech, subject only to such limitations that are "necessary in a democratic society" in specified areas of public life, including national security.

Lord Templeman was convinced that there were three reasons why it was necessary to prevent the press publishing information disclosed in Peter Wright's memoirs. First, harm will be caused to the security services if the press insists on disclosing to its readers the mass circumstantial heresay contained in Spycatcher.

Second, if the injunctions were not continued, the message would go forth to any future disgruntled civil servant that he will be able to achieve mass circulation of damaging truths and falsehoods by the simple device of prior publication abroad. Third, the discharge of the injunctions would represent a surrender to the press of an "untramelled, arbitrary and irresponsible power" to evade a court order designed to protect the safety of the state.

None of these reasons compels Lord Templeman's conclusion. First, the undoubted harm has been irrevocably done; the supposed deterrent value upon other like-minded civil servants is more apparent than real, and is at best highly speculative.

The third reason is a reflection of the common cry that courts must always have the last word. Sometimes events and public interests, other than the supremacy of the legal system, must willy-nilly prevail. Lord Templeman's reason might be considered reasonable, desirable, expedient, or even justifiable limitations on freedom of speech, but Article 10(2) requires the stringent test of necessity.

Lord Ackner endorses Lord Templeman's conclusions. He sees "no prospect of the Convention availing the appellants."

Lord Brandon of Oakbrook's judgment is altogether in a different category. His reasoning is that the Attorney-General should not be preclude dfrom his claim to a permanent injunction as and when the case came on for trial and all the evidence had been heard. To discharge the injunctions now would deny that potential right and only temporarily deprive the newspapers of their right to publish. The logic of that is impeccable. What it omits to recognise is the wise adage of Mr Justice Holmes of the US Supreme Court that the life of the law is not logic but experience.

If in the next few weeks the Court of Appeal in New South Wales upholds the trial judge's decision and decides that the Attorney-General is disentitled to a permanent injunction against the Australian publishers, Heinemann, what then is left of the argument of the majority of the Law Lords? Lord Brandon at least would be bound to concede that the scales had been tipped decisively in favour of discharging the interim injunctions in England.

At heart, the question has been at what stage should the injunctions, properly granted a year ago, cease to operate. That stage was arrived at when Spycatcher was, like it or not, in the public domain. Lord Oliver's beautifully articulated judgment, showing why the law could no longer ignore the reality, repays reading and re-reading by any rational person.

Next week: the minority view and the implications of the decision.

Architecture/Colin Amery

Appropriate decision to list Bracken House

He was always known as "the Professor". Sir Albert Richardson (1880-1964) was much more than an architect; he was the embodiment of a learned man of taste. He would have enjoyed last week's announcement that Bracken House, which he designed for the Financial Times from 1955-1959, is to be a listed building of "special architectural interest".

The announcement from the Secretary of State for the Environment described the building as "an exceptional example" of the work of Sir Albert. It is an appropriate and interesting decision. As it will ensure that demolition or substantial alterations are not to be allowed without a lengthy public inquiry, it is worth examining the significance of a building that many regard as Sir Albert's masterpiece.

The main significance of Bracken House is as well put by Ian Nairn in his book, *Nairn's London* (Penguin 1966) as by anybody. "The conviction grows with every visit that Bracken House is a friendly, logical, loveable personality and there is certainly plenty of faceless stuff around to check by. The classical details are reduced to classical essences such as pier and lintel, as they might be in sandstone and brown brick in a Victorian warehouse. The wholly alien combination of red sandstone and brown brick in effortlessly mellow; and the indentions of the bays are the kind of handle the ordinary passer-by or user needs to convert a building into a person. Sir Albert's genial eccentricity is breathing all over it . . ."

Bracken House is not just a piece of Neo-Georgian pastiche but is one of the last of a line of City office buildings that used a stripped form of classicism to make the transition between historicism and the Modern Movement.

In the total collection of Richardson's work Bracken House has to be seen as the culmination of his City buildings. Moorgate Hall (of the period 1913-17) 45-47 Gresham Street (1924) and the Sanderson's building in Well's Street (1930-32) are all leading up to the culmination of the great qualities of Bracken House.

Earlier this year Pearson plc, the owners of the Financial Times, considered the problem of Richardson's building at some length before they accepted the offer of the Obbayashi Corporation to buy the premises. The removal of the printing operations of the paper to a new plant in Docklands left the dilemma of a building that had been erected to house the offices of a newspaper on Cannon Street with a a substantial printing works in the centre and a further block of offices on the Queen Victoria Street side. An empty printing works alongside St Paul's does not make sense: To receive the best possible advice Pearson invited a small number of British architects to show what could be achieved either by re-using the building or by redeveloping it altogether.

At that time the building was not listed but all those participating in the exercise were conscious of the quality of the building and the affection it inspires. Arup Associates; Michael Hopkins and Partners; John Outram Associates; Richard Rogers Partnership; and James Stirling Wilford Associates were the selected firms. Not all followed the request to retain the building as well as to prepare a completely new scheme.

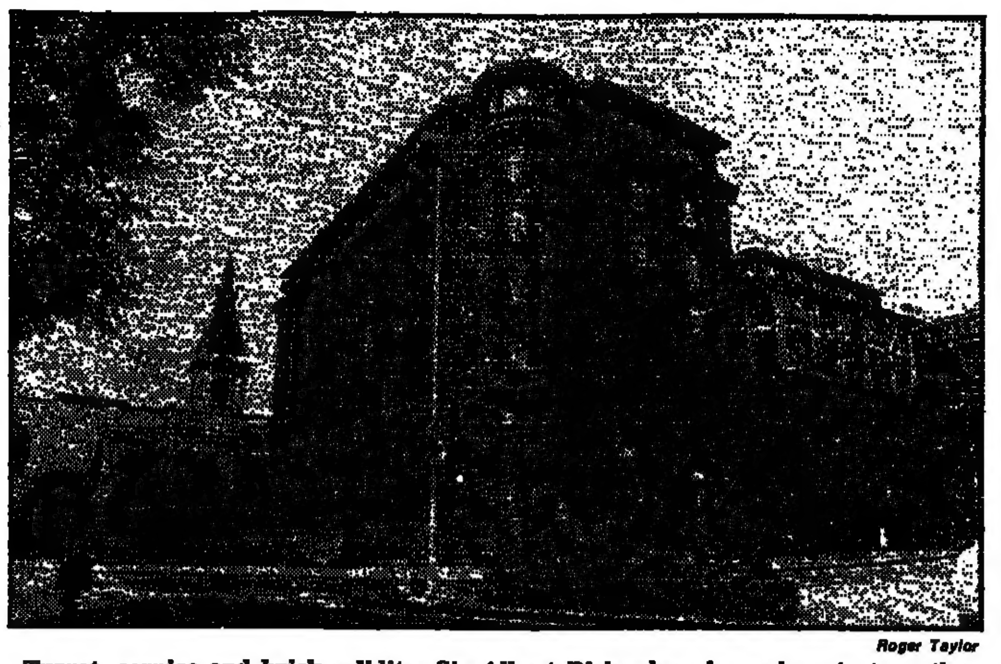
The architectural problems of the site are considerable. There are very strict height restrictions because of the proximity of St. Paul's Cathedral, and the circulation of traffic around almost all sides of the site limits any extension of the street frontage. Like many London sites it demands a pavilion but has the added complication of the slope of the land from Cannon Street to the Thames.

It has been announced that, of the five architects who prepared plans for the future of Bracken House, Michael Hopkins has been retained by the new owners.

Because Richardson had really assembled three buildings on the site—with the centre block set back and based on the treatment of a palazzo in Turin (the Carignano Palace by Guarini) it is possible to imagine an intelligent re-use of the "book ends" of the Cannon Street and Queen Victoria Street blocks and an atrium with new offices at the centre.

Of all City buildings Bracken House does lend itself to careful re-use. It should also be possible to keep the excellent qualities of Richardson's materials and workmanship in any possible alterations. No-one would argue that Sir Albert's interiors are of the same high quality as the outside, but the entrance hall is dignified and the top floors and arched corridors do have architectural quality. The astronomical clock that seems to tell you everything but the time of day has at its centre a fine head of Churchill (executed in 1959 by Frank Dobson).

It was Churchill who said to the Professor at the 1956 Royal Academy banquet—"My dear Richardson, it *all* ended in the 1800s!" Perhaps they can now relax. The Professor's work, inspired by classical values, lives on.



Roger Taylor

Turret, cornice and brick solidity: Sir Albert Richardson knew how to turn the corner of a City block and relate to Wren, the lesser known southern view of Bracken House

Magnified Mozart in Salzburg

When the Salzburg Festival placed itself under the yoke of Herbert von Karajan, an imperious master, it also committed itself to a new Grosses Festspielhaus, a monster auditorium fit for the likes of *Aida* and *Boris Godunov*. Mozart operas fit it much less well: I remember a *Zauberflöte* there that survived with distinction, but the *buffo* pieces of character and wit have a hard time. Neither Karajan's new *Don Giovanni* nor the revival of *Le Nozze di Figaro* in Jean-Pierre Ponnelle's production disprove the rule.

In *Giovanni* Karajan fields a number of distinguished singers who mostly offer quite separate performances — the producer Michael Hampe has done strangely little to encourage dramatic interplay—and are sensibly cautious about wrecking their voices by trying to fill the hall with them. Among the cautious ones are Kathleen Battle's Zerlina, much too prettily sophisticated (Zerlina is *not* a lady of rank, and her knowing peasant innocence is crucial), and Ferruccio Furlanetto's lazily engaging young Leporello.

Samuel Ramey works much more strenuously at his Giovanni, and cuts a professional dash. He sings the role efficiently; an air of lusty American film-impersonation (Zorro, or Beau Geste) clings to him, and Giovanni's insouciant vitality is more mimicked than realised. Julia Varady's bold attack as Donna Elvira is dramatically persuasive, though like Ramey she has to adopt different voices to meet Mozart's various vocal demands. Anna Tomowa-Sintow's placid Donna Anna is cruelly taxed by the opening scene, and later delivers "Non mi dir" like a concert-exercise by Richard Strauss.

Gösta Winbergh presents a sturdy Don Ottavio, without anything like the grace or the lyrical instinct required for "Il mio tesoro" (he managed "Dalla sua pace" rather better). Nothing distinguished Alexander Malta's routine Masetto—perhaps the producer's fault: Hampe really seems to have been far more concerned with the elaborate scenic mechanisms than with developing his stage characters. Paata Burchuladze is, of course, a grandly sonorous Commendator, though as far as one could tell he was singing in throaty Russian.

For all its massive transpositions, Mauro Pagano's basic single set always looks like a single set. The opera's rapid transits from place to place are merely notional, and we are denied any glimpse of a rustic vista: the wedding-party of Zerlina and Masetto seems to be held in a town square. At the end, the Commendatore drags Giovanni off toward an asteroid-belt backdrop; since the statue has no moving parts, Ramey has to pretend unconvincingly that his hand is implacably gripped by a lump of papier-mâché.

In detail, Karajan's account of the score (with the Vienna Philharmonic) is often exquisitely subtle, and he never lets the orchestra—exposed in the shallow Festspielhaus pit—cover his singers. The terzetto "Ah! taci, ingiusto core" was miraculously balanced. As a dramatic whole, the reading fatally lacks cumulative power—cool, deliberate, flat. Even the first-act finale (with the three simultaneous competing dances beautifully engineered) generated minimal excitement.

Figaro fared better, while missing too much of the bright comedy — unbelievably, there was scarcely a laugh in Act 2. The conductor James Levine paced the main numbers expertly but allowed the recitatives to limp, slow and studded with awkward pauses: the plain trouble is that on this vast stage, getting from any point A to point B (and there is a lot of running about in *Figaro*) is a sizeable journey. The fizz evaporates. At least Ponnelle's sets are apt and handsome, with a magnificent moonlit garden for the last act.

The principal opponents, Figaro and the Count, make an unusually equal balance: Ruggiero Raimondi and James Morris are both tall, confident and fairly formidable. This Figaro is not in danger from anybody, and Raimondi is content to give a loud, broad sketch of him, without special insights. Morris's Count is an extremely intelligent impersonation by a singer who is not a natural Mozartean. The latter qualification also attaches to Lella Cuberli's Countess, who delivered "Dove sono" as if it were late Bellini (after an insufferably drawn-out "Porgi amor"). Her stiffly mannered acting is not an asset to the comedy.

Fortunately there is Marie McLaughlin's delectably fresh and genuine Susanna (she has plenty of time still to achieve a better polished Mozartean line), and a winning—if not remotely boyish — Cherubino from Frederica von Stade, with the most elegant singing among the principals. Dawn Upshaw makes a faultless impression with her charming Barbarina. There is a ripe, benevolent Don Bartolo from Kurt Moll, matched by Jane Barbié's keen little Marcellina, and the ever-reliable Michel Sénéchal supplies a funny and perfectly pointed Don Basilio. Frederica Davià's surly gardener, like several other characters, gets more to do than usual—Ponnelle likes to add glimpses of extra plotting going on just offstage.

David Murray

Giovanni and whores

SNO Russian/Albert Hall

Max Loppert

Saturday's Scottish National Orchestra Prom, one of the most spectacular fulfilments of the season's Russian theme, should have been one of its highlights. It did not work out that way, for a simple reason: all evening the playing of the orchestra under its chief conductor, Neeme Järvi, was disappointingly below par—coarse-textured, rough in blend, thumpingly insensitive to the lilt and lift of dance rhythms, the brass section hardly managing a secure, unflecked phrase. And the SNO chorus, assigned a role of crucial importance, was large in number but tired in sound (too much hard work at the Edinburgh Festival?).

I had greatly looked forward to the starter, the short second act—all chorus and dance music (apart from the brief conversation of two minor functionaries)—of Glinka's *A Life for the Tsar*. Järvi and his orchestra clunked down on the first beat of krakoviak, waltz, or mazurka bars; the chorus plainly didn't know either the notes or the Russian words at all well—and the result was a half-hour of grey dullness.

In the other big choral offering, Prokofiev's *Alexander Nevsky* cantata, the chorus was somewhat less inadequately prepared—but it was not really much more suited to the music in terms of tonal substance (the tenors in particular are currently a weedy lot). It's no doubt hard on the SNO Chorus that in London we have just been thrilled to the marrow by the sound of the Kirov Opera orchestra and chorus; nevertheless the gap between the "real thing" and what the Scots provided here was unacceptably great. Linda Finnie's bold, vibrant delivery, rich in chest tones, of the mezzo-soprano lament deserves wider currency.

Between these choral outings, Glazunov's A minor Violin Concerto—that tired sweetmeat. The old Heifetz recording makes one rate the work rather higher—probably too high. Dong-Suk Kang, in an earnest reading lacking wit or vividness of inflexion and marred by persistent lapses of intonation in fast passagework, placed the level exactly.

Edinburgh music

Dominic Gill

Too much of the music at this year's Edinburgh Festival looks as if it had won its place in the pragramme either as part of a take-it-or-leave-it package, or entirely by accident. I wrote last week about the Orchestra of the Bolshoi Theatre, whose frequent appearances, in both symphony orchestral and chamber guises, cast such a shadow over the opening festival week. The Bolshoi Orchestra were presumably part of a Soviet package which included the Leningrad Gorky Theatre, and the band of distinguished academics and politicos who very ably provided an authentic leavening to the "USSR Now" confernce forum.

The Pittsburgh Symphony, who arrive later in the month to be the festival's first "resident" orchestra, offer a more varied selection of light festival fare, with an emphasis on Gershwin. But here, too, the accent is distinctly a festival-circuit package, and offers little more than a rehash of standard popular repertory — without so much as a glance at a single significant post-war work, American or otherwise.

Packages are sometimes unavoidable (although the best festivals treat them with all of the reticence they deserve). But how to explain, for example, the Black Ballet Jazz ensemble from San Francisco, who were booked to play five official festival shows at the Playhouse Theatre during the opening week — and for whom I forsook the last part of the Scottish Chamber Orchestra's performance of Beethoven's Eroico to catch? The Los Angles Sentinel may indeed have found them "a fantastic example of the renaissance of fine arts of black culture". But the Sentinel is the Sentinel (and famous at that for some of the West Coast's most delectable musical gaffes). If the festival pragrammers had seen the show themselves before booking it, they would have known that tauter, brighter, more skilful productions appear nearly every night of the week on Bognor Pier. And that far more "fantastic examples" of black dance can be found in almost any five-dollar New York loft.

How to explain furthermore (let us pass over Yehudi Menuhin's solo recital) the choice of the Melos Quartet of Stuttgart, who offer the complete cycle of Beethoven string quartets throughout the festival this year at Queen's Hall in Clerk Street? It is not too idealistic, I think, to assume that a festival considering the presentation of a Beethoven quartet cycle would have two obvious alternatives: either to choose one of the world's great string quartets to play the series, or (more adventurously) to seek out one of the best of the new, young ensembles who have yet to play a complete Beethoven cycle in public, and offer them their first international platform.

In either case, the choice demands a certain amount of expertise, and a lot of careful forward planning. The Melos Quartet are a perfectly decent ensemble, and in their youth were unusually promising: but their playing is widely known today, in Beethoven especially, to be correct, adequate, and dull. Their Beethoven performances at every one of their three appearances so far (there are another three to come) have confirmed that reputation.

Two bright rays of sunlight did, however, illuminate the first festival week. The *Folkoperan* from Stockholm, whose *Aida* I praised (with some reservation) at Edinburgh last year, returned this season with a new production of *The Magic Flute*. They were originally a touring company, not unlike Kent Opera, founded in 1976 to "fill the need for presenting classic music-theatre to audiences other than the habitues of the Royal Opera, above all to young people who do not want to dress up to go to the opera, and whose main entertainment may have been the cinema." Their new *Flute* fits the bill exactly: a fast-moving, colourful, punky, zany, electric-society revamp of Mozart, whose principal concerns are to keep the story-line bright and lively, and to focus, to the exclusion of almost everything else in the opera, on the human-interest romances of Tamino and Papageno.

It's not *The Magic Flute*, and it's nearly not Mozart: but it is irresistible fun. The clever, all-purpose revolving and tilting aluminium stage set is an inventive coup. The Queen of the Night's attendants, a marvellous Technicolor Avengers trio, steal every scene they appear in. The singing is as usual more enthusiastic than positively accomplished: but star performances are not in any case a Folk Opera concern, and all of the main roles during a season are shared among two or more company singers. The small orchestra uses synthesisers to replace certain solo instruments (Papageno's chimes transpose to the medium nicely) and to back up the small group of strings; the effect is professional, and the performance neat enough—in this *Flute*, the singers follow the conductor, who works under-stage dressed in brilliant bird costume, on video.

The Folk Opera's *Aida* was played without a cut, and virtually (except for a freely translated libretto) without significant change of dramatic plan. Their *Flute* consents to more liberal treatment. Sarastro, who is evidently the Director of the Swedish equivalent of Battersea Power Station, is most oddly (and in the context of Mozart's opera, uncomfortably) cast as nearly all villain, intent on vicious practices to the last, and is only finally vanquished when Papageno manages to zap him (presumably into earth-orbit) with a splendid short-circuit explosion during the opera's closing pages. It's an odd quirk, too, to reverse the resolution of Tamino's and Papageno's trials—it may prolong the fun a little in Papageno's trial scene, but Mozart's dramatic instinct was keener, and better.

A brief word of praise for the accomplished and brilliantly effective National Youth Music Theatre performance, which I caught up with on the Fringe on Saturday afternoon, of their latest production, *The Ballad of Solomon Pavey*. It's a compendium, neatly drawn together by a true-story plot, of Elizabethan songs and airs, presented in the form of a ballad-opera somewhat before its authentic period. Nothing about the production was less than professional; and the subject itself, the world of the children of the Queen's Chapel and St Paul's Singing School in the 16th century, could not have been more apt—demonstrating as it did "the surprising and often under-estimated standards of performance of which children are capable," with a tragic twist that brought tears to the eyes, quite unforewarned. If the rumoured plans by Sadler's Wells to establish a permanent link with the NYMT have any basis in fact, it could be one of the theatre's most rewarding and enterprising moves for years.

Arts Guide

August 14-20

Music

LONDON

Facade with members of the London Sinfonietta and Pamela Hunter as Edith Sitwell, conducted by Paul Daniel. Queen Elizabeth Hall (Mon). (928 3191).

London Mozart Players conducted by Jane Glover with Stephen Hough, piano. Milhaud, Schubert, Mozart and Aaron Copland. Royal Albert Hall (Mon). (589 8212).

BBC Symphony Orchestra conducted by Gennady Rozhdestvensky with Rodney Friend, violin. Tchaikovsky, Prokofiev and Shostakovich. Royal Albert Hall (Tue).

BBC Scottish Symphony Orchestra conducted by Jerzy Maksymiuk with Boris Belkin, violin. Schubert, Mozart and Stravinsky. Royal Albert Hall (Wed).

Chamber Orchestra of Europe conducted by Claudio Abbado with Maria Ewing, soprano and Philip Langridge, tenor. Rossini, Stravinsky and Mendelssohn. Royal Albert Hall (Thur).

NETHERLANDS

Amsterdam, Concertgebouw. The Amsterdam Bach Soloists with the Amsterdam Kantorij and Ruud van der Meer, Baritone: Bach cantatas (Tue). The Radio Philharmonic Orchestra conducted by Hans Vonk: Richard Strauss, Sessions (Thur). (71 8345).

Amsterdam, Oude Kerk (Oude Kerksplein). Organ recital by Peter Zwart (Wed).

Amsterdam, Nieuwe Kerk (Dam Square). Organ recital by Theo Tennissen (Thur).

PARIS

Camera Musica Mosana conducted by Jean Wolfs: Schutz (Mon 8.30pm) Saint-Severin Church

Pascal le Corre, piano: One hour with Villa-Lobos (Tue 7pm). Auditorium des Halles.

Orchestre National d'Ile de France conducted by Alain Paris, Anne Queffelec, piano: Ravel, Roussel (Thur 7pm) Radio France, Grand Auditorium.

All the above are part of the Paris Festival Estival (48 04 98 01).

NEW YORK

Mostly Mozart Festival (Avery Fisher Hall): Pinchas Zukerman violin, Marc Neikrug piano recital. All-Mozart programme (Mon); Mostly Mozart Festival Orchestra. Gerard Schwarz conducting, Katia and Marielle Labeque piano, Matt Haimovitz, cello. Haydn, Mozart, Boccerini, Brahms (Tue, Wed); Ax-Kim-Ma Trio. Beethoven, Dvorak, Mendelssohn (Thur). Lincoln Center (874 2424).

Tanglewood: Boston Symphony. Seiji Ozawa, Leon Fleisher, John Williams conductors. Verdi, Beethoven, Gershwin/Bennett, Tchaikovsky (Tue); Emanuel Ax piano, Young Uck Kim violin, Yo-Yo Ma, cello. All-Dvorak programme (Wed). Lenox, Mass. (413 637 1666)

CHICAGO

Ravinia Festival: Pat Metheny Group jazz concert (Tue). Highland Park (728 4642)

Opera and Ballet

LONDON

Opera Factory: London Sinfonietta at the Queen Elizabeth Hall (928 3191). Adventures, comprising Maxwell Davies' Eight Songs for a Mad King, Ligeti's Aventures/Aventures Nouvelles and Weill's Mahagonny Songspiel alternates with Gluck's Iphigenias.

NEW YORK

New York City Opera: Die Zauberflöte conducted by Sergio Comissiona and Madame Butterfly conducted by Imre Pallo highlight a week that also includes performances of Le Nozze di Figaro. Lincoln Center (870 5570)

Jakob's Pillow Dance Festival: Summerlong work and performance schedule in the Berkshires features recitals this week by members of the New York City Ballet (Tue-Thur). Becket, MA (413) 243 0745.

WASHINGTON

Wolf Trap: San Francisco Ballet performs works by Balanchine, Tomasson and Paul Taylor to music by Tchaikovsky, Poulenc and Elgar. Vienna, Va. (703 255 1868)

CHICAGO

Ravinia Festival: Hubbard Street Dance Festival, a local Chicago favourite, performs mixed programmes (Thur). Highland Park (728 4642)

Portraits/Savoy

Martin Hoyle

Like the friendly and efficient programme ladies who guide us to our seats at the Savoy, William Douglas Home's play is a reminder of more leisured and spacious days in the West End: an articulate middlebrow conversation-piece that presupposes an audience with a certain range of cultural reference, prepared to listen to civilised talk.

Except for using the word "charisma" a good two decades before its general acceptance, the piece is written in English as opposed to mid-Atlantic—a rarity these days, though no more than one would hope for in a work that numbers Shaw among its characters.

In 1944 GBS is summoned to the studio of Augustus John to *entertain General Montgomery* as he sits for his portrait, a prickly and disapproving (or rather, pwickly and disappwoving) subject. Both John and his faithful Dorelia are attracted to Monty's young staff officer, struck by his resemblance to their dead son. The painter senses that the young man is to die shortly.

Sterility, death and regeneration are recurrent themes; for the revolving floor of John's studio, like time's whirligig, also brings the painter Matthew Smith, suffering from artist's block after the wartime death of his two sons; an alcoholic loss of confidence on the part of John himself; and the final, fastidious appearance of his last sitter, Cecil Beaton.

Smith is persuaded to paint again; John develops into a passionate anti-nuclear campaigner; with tenderness and common sense Dorelia resigns herself when John absently calls her by the name of his dead first wife. The gentle play carries a hopeful message of self-realisation and consolation.

Continuity is reinforced by the taste in salmon-pink socks common to field marshal, photographer and bereaved painter. To be precise, Simon Ward plays all three of John's subjects. Introduced directly to the audience, like the rest of the cast, by Stephen Boxer's agreeably un-soppy young officer, Mr Ward gets the telling details absolutely right: Monty's peremptory crispness; Smith's slumped grief; and, skipping across the stage to effect the transformation at a make-up table before our eyes, the exquisite disdain of Beaton.

In an energetically technical performance, Keith Michell *presents* Augustus John, rather *than embodying him, as if* pointing out the characteristics from a distance. Richard Wordsworth looks uncannily like Shaw but sounds faintly like Alistair Sim, and the author hints horribly at another of the Celtic windbags all too familiar today. Pamela Lane's Dorelia is a finely-judged blend of the sympathetic and practical. Recognisable pictures by John overflow into the auditorium from Brien Vahey's set (one, of Lawrence of Arabia, may be a jokey reminder of Mr Ward's recent appearance in Rattigan's *Ross*). John Dexter directs a lightweight but thoughtful evening.

"Curtains" to open at Hampstead

Curtains, a new play by Stephen Bill, will open at Hampstead Theatre on August 27, directed by Stuart Burge.

FINANCIAL TIMES
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Monday August 17 1987

Banks and customers

FEW commercial relationships are quite as *sensitive* as those between banks and their customers, involving as they do some of people's most private affairs. Yet the question of how those relationships should be regulated has seldom been a public issue, partly no doubt because in the vast majority of cases *they exist without problems.*

As a result, there is widespread ignorance among bank customers as to the exact extent of their rights with banks. How strong is bank's duty of confidentiality, for example? What rights does a customer have if a bank makes errors? Do banks even have a duty to explain their terms and conditions?

This wide area of vagueness is being increasingly called into question by the rapid evolution of the UK banking industry from a cosy, straightforward business of taking in and lending out money, to one where aggressive marketing of a wide range of financial services is the order of the day. This has resulted in a shift of the relationship from one based on a customer's direct access to his bank manager, to a much less personal one, usually characterised by automated bank statements and mail shots, with inevitable loss of flexibility and trust.

Clear answer

Another worrying development is the growing practice among banks of passing information about individuals' accounts to other parts of the group to help them market different products like insurance and unit trusts. As banks continue to diversify, the precise boudaries of banking confidentiality will become increasingly hazy. While banks should retain the right to disclose information in certain cases (when legally required to do so or protect their own interests), these boundaries still need to be tightly drawn.

The need for clarification was recognised by the Government last year with the establishment of the Jack Review to determine whether the law relating to the provision of banking services needed to be updated.

One of the major issues arising from the review is whether—as the National Consumer Council noted in a wide-ranging submission last week—the time has come for greater formalisation of bank-customer relations. To this, the answer seems clear: there should be, because of their growing complexity.

One option would be to codify the present assortment of laws which have a bearing on these relations and create a proper statutory framework for them. Another would be for the Jack Review to create a model contract which would give the *relationship* a clear legal foundation and provide a *minimum standard which banks* could improve on individually if they wished. A third would be to leave it to the banks to take their own initiative, as Midland Bank has done with its brochure "Our principal terms and conditions" which tells customers their rights and obligations (as interpreted by Midland).

Model contract

The NCC favours the model contract approach on the grounds that codification would be too cumbersome, and any initiatives undertaken by the *banks would inevitably be* slanted in their favour. The Midland brochure, for example, requires that customers specifically request their bank not to pass information about them to other parts of the group or to give references to outside inquirers. Although this might aid a bank in bringing worthwhile ancillary services to the *notice of its customers, it would* be more satisfactory if the onus was placed on the bank to seek the customer's permission to do these things first.

The banks' objection to a model contract is that it would be long and complicated, and not particularly helpful in informing customers about their rights and obligations. How *many people read the small* print when they sign up for credit cars, for example? Also, there is probably no need at this stage to go to the lengths of obliging literally millions of bank customers to read and digest a new legal document.

The obvious, and probably most sensible compromise, would be for the Jack Review *to prepare a set of model terms* and principles on the basis of recomendations from both the banks and their users. These would be clearly worded and brief and, among other things, would make clear the customers' duty to run his account honestly and within agreed credit limits, and the bank's duty to deal fairly with its clients and *fully* respect the confidentiality of their affairs.

Labour unrest in S. Korea

THE SUMMER of discontent in South Korea *has now* taken a new turn. Strikes and labour disputes are, for the first time, causing a clockwork economy to run a little slow. Throughout the country demands are being made for more money and the right to organise. The Government has warned that the police *might be brought* in to restore order.

It is not surprising that South Korea is experiencing serious labour unrest. The workers were bound to begin agitating once there was a prospect of *real change on* the political front. A more equal division of the *spoils of economic success* and more democracy in the work place is the natural concomitant of the desire for a freer political system.

Knock-on effect

It would be wrong, however, to see a guiding hand in the current unrest. There is no evidence of any large scale organisation; these strikes, affecting nearly 200 companies, both large and small, are of the wildcat variety. There is little overt political content in them; most are short in duration, four to five days, and seem to have been settled. But the knock-on effect has been marked. Many of the employees of the country's largest conglomerates have either been strikebound or have been *laid off* due to disputes in down-stream industries. Violence has been sporadic and mostly confined to the country's coal miners who have also struck.

The Korea Development Institute, the Government's think tank, estimated last week that between $1.3bn and $3.1bn of exports could be lost. Western analysts in Seoul believe the figure is closer to $1bn, containable for an *economy expected* to earn $40bn in exports this year, but a shock to a government accustomed to losing nothing.

Authoritarianism runs deep in the management of the big companies, and it is reinforced by South Korea's labour law. This confines union activity to enterprises. It forbids trades-based unions, as it does the involvement in a union of persons who are not employees of the company. It requires union registration, a process which allows the Government and companies to vet prospective labour leaders.

Pay and conditions are also high on the agenda. Over the past days some very high claims indeed have been made, most in the 30 to 50 per cent range but some for much more. There are also demands for more generous bonuses. South Korea's industry would be stretched by increases on such *a scale, and the excessiveness* of some of the claims could undermine the more reasonable demands for freer rights to organise and wage rises.

The authorities are also sensitive to the fact that the power of the conglomerates could become a focus of discontent. In a *modest pre-emptive move* disclosed last month, the government has required them to reduce some of their extensive cross-holdings in Korean industry. This does not imply their break-up, but it could lead to management changes and, conceivably, the type of profit-sharing through employee bonuses that are such a feature of the Japanese business infrastructure.

This is a time for cool heads to prevail and it is encouraging that, so far, both the Government and the Opposition have been moderate in their public utterances. Mr Roh Tae Woo, the chairman of the ruling Democratic Justice Party and its candidate for next year's presidential elections, has recognised the justness of many of the workers' claims, even if he has warned of tougher action *if moderation does not prevail.* Mr Kim Young Sam, the leader of the Party for Reunification and Democracy, has supported the strikers in principle but added that no matter how justified their grievances "they cannot be all solved at once."

South Korea is entering a critical phase in its political development. A real prospect *exists both for the disengagement* of the military from civic life—since *President Chun* has acceded to the popular demand for constitutional change and the direct election of the head of state—and for the birth, however difficult, of democratic order. A threat to the country's economic well-being posed by a bout of prolonged industrial unrest could be used by those of less democratic inclinations to seek to impose a different and much *less palatable sort of* order.

Joe Rogaly examines the extension of Whitehall's power over local government and argues that the death knell has been sounded for local democracy in Britain

A tighter grip on the people's choice

PLANS FOR the destruction of local democracy in Britain are now complete. The Government's *tanks* are moving into place around every town hall. Battle will commence in the autumn. From then on local government is *likely to suffer a series of blows* from which it will be extremely fortunate to recover. Britain will be more than ever a centrally managed state, with power concentrated in Whitehall. Of course the outcome is not yet certain, but wise punters will not put their money on the local councils.

If this proposition seems too apocalyptic for August, consider the Government's known *strategy.* It plans to strengthen its control over local treasuries *by introducing a poll tax* and a new system of grants. It is starting to break down a principal power-base of local democracy, the management of education, by allowing schools to "opt out" (which amounts to an invitation to ambitious parents to grasp control over the better schools, and run).

The remaining power-base of any significance, council housing estates, will be blasted away by introducing self-*management* by *tenants,* or *transferring* ownership to appointed committees. *Further* patches will be extracted from city centres and placed under the control of non-elected autonomous corporations, whose task it will be to regenerate derelict areas.

After four or five years of such policies many local councils might be left with little *more* to do than clear the drains, collect the rubbish and *mend the roads. As managers of* such basic functions, they will have to do as they are told by the great holding company in Whitehall. And even for such routine tasks, these emasculated municipal authorities must put the work out to competitive tender. Their own *labour forces* are expected to wither away along with the rest of their divisions. There may be a little work to do in shuffling planning applications, or monitoring local health services, or attending to police committees, but do not bank on it. The Secretary of State *for the Environment,* Mr Nicholas Ridley, seems to *believe, in all sincerity,* that locally elected bodies should *have no greater powers* than the ability to make representations to central government on behalf of their constituents.

The consensus in most departments *is that this opinion is* shared by the Prime Minister. In Downing Street's eyes, the struggle to put Britain back on its feet is often thwarted by socialist councils. It may even seem logical to do away with councils altogether.

In many other western countries, such a programme would probably be regarded as unconstitutional. In Britain the constitution is what parliament says it is, which means that *it is what the Government says* it is. Thus the only defensive weapon available to local democracy is that mystic British constitutional force, public opinion.

It can be very powerful, as *students of A. V. Dicey* (the classic writer on the law of British constitution) are aware, but in the four-fifths of a century since Dicey first explained these matters. *Victorian standards of constitu*tional propriety have been eroded. *The Messianic streak* in Mrs Thatcher's administration leads it to brush aside old-school protestations like "the public wouldn't stand for it" with the assertion that sooner or later they will know better.

Thus public opinion would have to be unprecedentedly vociferous to save the town halls. It could happen, but it would be surprising if it did.

Many councils will be left with little *more to do than* clear the drains, collect the rubbish and mend the roads

The reason is that overspending by some of them have turned off a great deal of their potential support. During most of the past two decades, I have believed that much of English local *government* has been in chaos. It was right to abolish *the Greater London Council. If* Liverpool wished to bankrupt *itself,* it was right to allow it to do so. The policies and spending priorities of some inner London authorities have been absurd. In the absence of fundamental reform, rate-*capping* was an urgent necessity. The far left of the Labour Party *has* grasped control *in* some town halls and carried out policies that most of the British public certainly would not stand for. It is not easy to argue that the system should be allowed to continue as it is.

Perhaps that is why the ministers whose task it is to *bring in the poll tax* ("community charge") — Mr Ridley and *his junior* at the Department of the Environment, Mr Michael Howard — are enjoying the holiday season in the quiet confidence that, by the time their bill is produced in November, they will have the Conservative Party sewn up, with the result that the charge *will move through the Com*mons as planned. They tried to make doubly sure at the end of July, when it was announced that the poll tax in England will be phased in over four years, starting in 1990. That seems painless enough.

To make it look even more palatable the promise was made that no local council need demand more than £100 in "community charge" in the first year. That should assuage feelings a litle more. Another reason for ministerial confidence is *that the case in favour* of the tax, when put as well *as it is by Mr Howard* (as smooth an advocate as they come), has begun to appeal to those who focus their thoughts on the narrow propositions that are placed before them.

The central proposition is that overspending by Labour *councils,* and the *extreme* policies of some of them, must *cease. The way to bring such* iniquities to a halt is to make every resident responsible for what happens. The way to do that is to make everyone pay at least something towards the cost of council services. Or, as Mr Ridley himself put it on Merseyside the other day, the new tax "will remove from Liverpool that poisonous power-base on which *extremism* thrives — the power-base of *spending power without local accountability.*" Only a quarter of Liverpudlians paid full rates, he said, since the rest either received rebates or were not themselves householders. The result was the election of councils whose spending policies reinforced "a climate of *dependency in which people see* state provision and state spend*ing as their way of life.*"

Putting the proposition into practice will lead to certain absurdities. A new register of poll tax payers will have to be *created. Since it will be* much larger than the list of ratepayers, the cost of collection will be far greater. Rebates of up to four-fifths of the tax will be available to those on state benefits. One consequence will be that an army *of officials* will be required to hunt down, say, *unemployed* youths who owe their borough £20.

There are failures of logic: the system is based upon trusting people to elect low-spending councils because *the cost of their* decisions will be reflected in the new poll tax. Yet the voters will not be trusted to elect high-spending councils even if they *are willing to pay the difference.* If they do that the poll tax will be capped, as rates are now.

The absurdities are as nothing compared to the true effect of the plan, which is the *extension* of Whitehall power to a degree *that is unprecedented in peace*-time. Under the present system local authorities finance about 56 per cent of their revenues through the rates. The rest comes in Government grants. Under the new system the Government will determine about three-quarters of local expenditure, leaving local authorities to raise the remaining quarter through the poll tax.

The voters will not be trusted to elect high-spending councils even if *they are willing to* pay the difference

Community charge theorists maintain that this quarter of the pot will provide greater accountability and local autonomy than there is now. Here is how it is supposed to work: the centrally determined three-*quarters will be fixed according* to steady national criteria. If councils overspend, only the local quarter will change. They will, therefore, be obliged to increase poll tax in step with their extravagance. If they do that too often, the voters will eventually throw them out.

This exposition is disingenuous. The Government will exercise a *commanding* influence over the level of poll tax because it will manipulate public opinion. The gaff was blown when Mr Howard announced *the £100 limit for the first year* of phasing in; for the £100 was set according to Whitehall notions of optimum expenditure by each council, given the *proposed* level of grant in the first year. Councils will be obliged to explain in an addendum to each tax demand why they are spending more than the Government says they should.

The Whitehall tentacles stretch even further than that. As the *Chartered Institute of* Public Finance and Accountancy (Cipfa) pointed out last week, the notion that voters will see a direct relationship between the level of poll tax and the level of local spending does not stand up to examination. The Cipfa *computer shows that, under the* existing system of grants, some councils *may cut expenditure* and be obliged to raise poll tax, while others could spend more and tax less. I am sure that Messrs Ridley and Howard believe that their new, simplified system of grants (which includes the uniform business rate) will not be subject to *such vagaries, but if that is* so it will represent success in an area in which civil servants have always failed in the past.

You have to think about it for but a moment to understand why. The taxpayer-financed grant would be relatively simple if its basis could be so *much per head, with a little* extra for the proportion of old people in an area *and a* mite more for the number of schoolchildren, plus a soupcon for each lamp-post and a little sprinkle for each mile of roadway.

In poorer areas matters are not that simple. There may be a badly rundown black ghetto. A derelict high-rise block may contain a large proportion of people who are unemployed or unemployable. The number of disabled may vary, or a 100 years of decay *may produce* a locally unique set of social prob*lems. Sooner or later this kind* of calculation must come into the arithmetic.

The consequence is that the new, simplified grant will be subject to political chopping and changing just as the complex grants are now. There is no third choice here. Future governments can be (a) more heartless about social-needs grants than British *public* opinion is likely to accept or (b) flexible about grants. In case (b) the relationship between the community charge and local expenditure will be tenuous.

Thus the fundamental flaw in the Government's plans for local authorities becomes clear. The wish to abolish them has obscured the necessary task of reforming them. If new councils emerge one day from the smoking ruins, they will be managed best under a system designed from first principles to match locally raised finance to locally voted expenditure. That would require a breadth of view that cannot be expected from the generals of an advancing army.

Men and Matters

Birmingham wants to be alone

BIRMINGHAM, August 16

Birmingham boasts it has dug *the "biggest hole in Europe."* Out of it will rise Britain's first *purpose-built* international convention centre.

Contractors are pressing ahead with the £120m scheme, scheduled to open in early 1991, which is already attracting private sector capital, including a £31m Hyatt International Hotel.

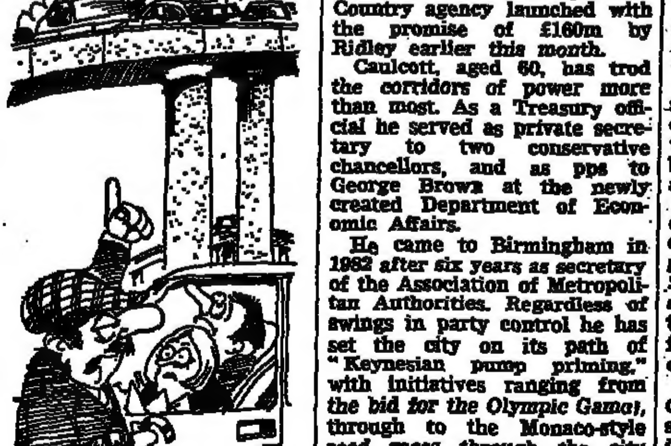
The tower cranes on the skyline follow a deliberate bid by the *Labour-controlled* council in Britain's industrial heart*land* to create jobs in the service sector, and with the aid of private capital.

Success owes much to the personality and political skills of gravelly-voiced Labour leader, Dick Knowles, aged 70, an old-style city hall boss. *He* is a churchgoing, cigar-smoking, *claret sipping extrovert, who* has defied Edwina Currie to prove *his* is not the recipe for good health.

But the big prize is still to be won. Birmingham has plans for an urban development agency to develop 2,000 acres of the inner city. The council insists it can do the job itself and does not want a London Docklands-type *development corporation* foisted upon it by Westminster.

Knowles has lined up a consortium of developers prepared to take an equity stake. It includes Wimpey, Tarmac, Bryant, Douglas, and Galliford.

The urbane Ridley while making benign noises about the "unique Birmingham initiative" has suggested the correct route *to public funds would be for the* consortium to draw up schemes *for consideration,* either under the existing urban development machinery, or the proposed new urban regeneration grant systems.



"Birmingham *town* centre? Straight up there"

Pump priming

The apparant *sangfroid of the* environment secretary prompts chorties of delight from the city council's impish chief executive, Tom Caulcott.

He insists the Birmingham agency will be in action even before the staff has been recruited for the nearby Black Country agency launched with the promise of £160m by Ridley earlier this month.

Caulcott, aged 60, has trod the *corridors* of power more than most. As a Treasury official he served as private secretary to two conservative chancellors, and as pps to George Brown at the newly created Department of Economic Affairs.

He came to Birmingham in 1982 *after six years as secretary* of the Association of Metropolitan Authorities. Regardless of swings in party control he has set the city on its path of "Keynesian pump priming," with initiatives ranging from *the bid for the Olympic Gamoi,* through to the Monaco-style road races through the city centre.

Indeed the driving force behind the *convention centre* is seen as Caulcott's love of music and the need to provide a new concert hall to encourage *the* talented Simon Rattle to extend *his contract as conductor* of the City of Birmingham Symphony Orchestra.

Merry Hill twins

Recession in the Midlands has not deterred Don and Roy Richardson, twins from the Black Country. They have proceeded with a string of property developments — *without* prefunding they claim, merely dip*ping occasionally into a bank* overdraft.

The Richardsons, born in 1930 in a small house in the shadow of the Earl of Dudley's steel works, bought the 300-acre site a couple of years ago, and by Christmas 1989 will have completed the 2 million square feet *Merry Hill shopping* centre.

They started buying and selling ex-army vehicles just after the war, and their interests have spread across transport and engineering. They say they are now primarily property developers.

They are coy about their personal wealth and their network of private *companies.* "Oh, there must be 48 or 49, but probably only 10 or 12 are really active," says Roy airily.

He adds that they hold stakes of more than 20 per cent in two companies scheduled for rapid *growth* — Regentcrest a former Slater Walker property vehicle, and Burns Anderson, a Manchester-based company, to be transformed into a diversified financial services group.

The Richardsons, as members *of the* board at Burns Anderson, says they have great confidence in their chairman. "He talks our language and he's no slouch," says Roy, of Sir John Harvey-Jones, the former chairman of ICI.

Midlands *man*

The *entrepreneurial* West Midlands has turned the recession years to some profit by creating a new industry in marketing revival strategies.

The latest seems sufficiently politically well-timed to get government backing.

The Birmingham Employers *Forum chaired by Sir Trevor* Holdsworth of GKN, and comprising the chief executives of the leading Midlands companies, local authorities, universities and public bodies, commissioned a study from Price Waterhouse.

It recommends not a full-blooded regional agency, at *perhaps £20m a year, but a* much cheaper private sector *initiative dubbed* West Midlands United. Cocktail party conversation is already concentrating upon who might be chairman.

Sir Trevor has already made clear he will be otherwise engaged as the next president of the CBI. The *obvious* candidate would be Sir Adrian Cadbury, the Cadbury-Schweppes chairman so heavily committed to the company's Birmingham base.

Other names include Sir John Egan of Jaguar, and Charles Darby of Bass. But the man with the undoubted national profile is Harold Musgrove, former chairman *of* Austin Rover and now back into the public eye *as chairman of the* Birmingham chamber of commerce.

High tide?

Never *short of an idea to make* a bob or two Birmingham is *to declare part of the city a* holiday resort for the end-August holiday weekend.

Such status means the shops, pubs, and restaurants, can stay open throughout the weekend to take advantage of the thousands of *spectators expected* for the Super Prix road races.

But the Midlands capital, roughly at the geographical centre of England, does stretch the imagination with its promise of a "Birmingham-by-the-Sea" *roadshow.*

Observer

هكذا من الأصل

Ian Rodger in Tokyo reports on what it's like to be unemployed in a workaholic country

Rising tide of unemployment: Japanese railw ay workers protest at the loss of their jobs

A question of honour

"TAKE WORK away from me and there will be nothing left." That remark, by a Japanese shipyard worker, captures the fundamental importance of employment for people in Japan.

Today however, as industries restructure to cope with the high yen, more and more Japanese are finding that work is being taken away from them. The official unemployment rate has edged up above 3 per cent for the first time since the Second World War, and the outlook is for further deterioration.

So far, reaction in Japan to high unemployment has been sharply split. Since job losses have been confined mainly to a few coal, steel and shipbuilding towns, for most people the problem simply does not exist. But those who are affected feel shock and shame.

"You feel you are degraded because you have lost your job," says Mr Fukuji Ikemoto, a painter who was made redundant last March, when Hitachi Zosen, the large shipbuilding group, closed its yards on Innoshima, a small island near Hiroshima.

"You become afraid to meet people, so your world gets smaller," says Mr Ikemoto. "My old friends do not invite me out drinking with them in the evenings any more which makes it worse. If you don't associate with people, you do not hear about jobs. I go fishing a lot, but that is just killing time."

Hitachi Zosen was the only big employer on Innoshima, and when the yard closed, the island's unemployment rate rose at a stroke to 40 per cent. Thus, it is likely that attitudes toward the unemployed there are more tolerant than elsewhere in Japan.

The Japanese generally have no patience with the unemployed. An unwritten clause in the country's strong social contract says that everyone (which in Japan means every man) should work so that he can fulfil his obligations to his family and his community.

If a man is made redundant, he is expected to go out and find a new job as soon as possibe. It is perfectly acceptable—indeed, it is expected—that he take a less remunerative or prestigious job than the one he left. A Japanese family would quickly become impatient with a man who refused to accept job offers on the grounds that they were beneath him.

Japan's social security system reflects the severity of this code. Unemployment benefit, for example, is equivalent to 60 per cent of wages and only lasts for a maximum of one year. For the able-bodied there is no welfare or dole system thereafter.

Company severence payments tend to be modest, varying from the equivalent of two to six months salary — hardly enough to enable a man to attempt anything ambitious, such as launching his own business.

These austere policies served the country well in the postwar period of rapid growth, but in places like Innoshima, they have begun to clash with other aspects of Japan's social code. Being a small mountainous island connected to the mainland by ferries, Innoshima has virtually no prospects of attracting new employers.

Thus, the new unemployed on the island face difficult choices. Take the case of Mr Yoshinori Murakami, 45, a former fitter at the yard. His father and his grandfather before him worked in the yard and his father and mother still live on the island in retirement. As the eldest son, Mr Murakami has a responsibility to look after his parents in their old age. Thus, even though he has despaired of finding work on Innoshima, he and his wife and three children continue to live there.

"Maybe I will have to go alone to work elsewhere," he says. "But then I would have to find a place to live, and lodging elsewhere would be more expensive than here, so I would not have any money left to send home."

Despite this Catch 22 situation, he will probably do it. "I do not want to continue being paid by the Government," he says.

A proud man, he has tried hard to maintain a life-as-usual atmosphere at home, so that his three children will not be influenced by the change. "They are too small to understand entirely, but they notice that I am home."

He is ashamed that his wife has to go out to work—finding occasional and poorly paid (about £2 an hour) work as a shop assistant at sales times. Fortunately, his lifestyle is simple, consisting mainly of fishing and watching television, so he has not had to give up much yet. Also, he owns his home.

However, things could get tougher when his unemployment benefit stops. Mr Murakami has noticed that most jobs on offer for which he could qualify require the applicant to be able to drive. So he has invested some of his severance payment—about Y450,000 (£1,900)—in driving lessons. He expects to spend a further Y1m (£4,250) on a car.

The rest of his severance payment is being put aside for the children's education. Education costs in Japan become a heavy burden as children reach high school and university age. According to one recent estimate, the cost of the first year in university is Y1.8m (£7,650).

Mr Susumi Iwasaki, 39, is in a similar position. As the eldest son of an Innoshima family, he too will have to stay on the island and look after his parents.

But his financial situation is less urgent. Being relatively young, his severance payment was a very modest Y1.5m (£6,400), but his wife has a full-time job as a nurse. "I spend a little less time in the pub," he says. "So far, we manage to live reasonably well. I'm not in a hurry to find a job. It would not be a good idea to take just anything, so I am waiting for a job with good conditions." The most important condition, from Mr Iwasaki's viewpoint, is that the job be within commuting distance of Innoshima.

Despite their general reverence for the aged, it seems Japanese employers are no more eager than their Western counterparts to take on older people. Mr Ikemoto, who is 52, says he is at a loss over what to do: "Since the end of March, I have been trying to find work, but it is very difficult at my age. Most companies say they can employ a young girl instead of an ageing man for the kind of work I would do."

His 30 years' service at the yard entitled him to a generous retirement payment, but he used it to pay off his mortgage, repay loans from friends and prepare for his children's weddings.

All three men feel cheated, having believed that they would be protected by Japan's strong social and lifetime employment systems, but they feel powerless to do anything about it.

"I wanted to resist and complain to somebody somewhere when it happened, but if we behaved like that, it would have made the situation worse," says Mr Murakami.

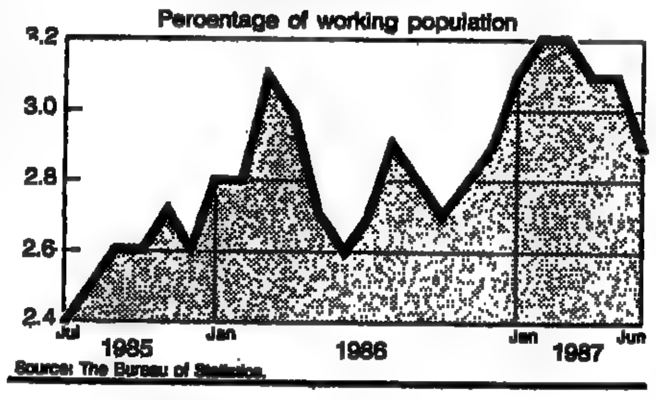
"I can boast that I was one of the people who built the base for Japan's success today. I did not expect any special reward for this, but the Government did not do anything to help the shipbuilders.

"Hitachi made the mistake of concentrating on shipbuilding. They tried to change, but it did not work.

"When you have to change jobs, you need a lot of guts. When I entered the company, they were making 40,000 tonne ships. Then they went up to 200,000 tonne ships. At that stage, we thought our lives were secure."

Unemployment rate

Percentage of working population



Source: The Bureau of Statistics.

Looked at statistically, the upward trend of Japan's unemployment seems less than spectacular. However, the reality is more bleak. Economists say Japan's method of computing unemployment understates the real level by about half. Also, there is an immense tribe of underemployed.

Lombard

Red herrings in the US budget

By Andrew Marshall

WASHINGTON is playing its usual games over the budget. The latest play is an attempt to restore the so-called automatic sequestration process of the Balanced Budget Act.

The Act, also known as Gramm-Rudman after two of its three sponsors, was intended to restore fiscal discipline to the budget process. It contained progressively lower deficit targets for each fiscal year, leading to zero in fiscal year 1991.

If Congress failed to meet those targets, automatic cuts did the job for them. These were so unpalatable—including across-the-board cuts in just about every Congressman's pet projects—that, it was thought, there would be a strong motivation to bite the fiscal bullet.

Last year, however, the Supreme Court ruled the automatic sequestration provision unconstitutional. And as the usual bout of name-calling and buck passing again comes to a head, the temptation to short-circuit the process has led Congressional Republicans and some Democrats to propose the return of automatic sequestration.

Superficially, this looks like an outbreak of fiscal sanity. The sad truth is, however, that Gramm-Rudman has become another symptom of the problem.

Strictly speaking, Gramm-Rudman does not oblige Congress to cut the deficit at all: instead it requires the forecast for the deficit to be cut, which is a very different thing. Thus last year, Congress brought the projected 1987 budget deficit in under the Gramm-Rudman target of $154bn; but everyone knew it would be nowhere near that figure. The outturn is likely to be around $180bn-$190bn.

The forecasts upon which Gramm-Rudman is based are prepared jointly by the bi-partisan Congressional Budget Office and the executive branch's Office of Management and the Budget. Their deficit estimates have been consistently wrong. In every year since 1978 except the boom of 1984, over-optimistic assumptions about the economy have made the picture look better than it really is and have led to under-estimated deficits. One of Gramm-Rudman's central faults is its over-reliance on these faulty and sometimes distorted forecasts.

But as if it was not enough to have Rosy Scenario on the team, Congress has a few tricks of its own. Thus in 1986, the projected deficit was kept within the limits by what is poetically called "blue smoke and mirrors." More prosaically, accounting subterfuges and dirty tricks helped to trim the deficit figure.

There were some substantial spending cuts last year. But asset sales and other one-off savings of some $11bn made a substantial contribution. All this just makes the problem worse in the longer term.

The sweeping reassessment of US fiscal policy that is really required has not occurred, and Gramm-Rudman must bear some of the blame. It presses the Congress into reducing the forecast deficit, one way or the other, on a year-by-year basis, and postponing the pain. It thus becomes an excuse for fiscal irresponsibility. It encourages the Congress in its worst vices —budget shenanigans, self-deceptions and short-termism— in the pursuit of the annual deficit target.

The much-vaunted sequestration procedure turns out to be a red herring: Congress is simply too clever to be caught in its own trap. But it serves a useful purpose this year: it gives the appearance of activity, and further postpones difficult choices about spending and revenue until after the Presidential elections. If those targets ever do catch up with them, Congressmen will just repeat this year's trick, and shift the targets.

Even if it did work, is this really the way fiscal policy should be made? With deficit targets chosen in relation to arbitrary figures? Cuts in expenditure determined by a random number and the throw of a dice?

The making of US fiscal policy has always been a chaotic process, but Gramm-Rudman risks making it entirely senseless. Rather than taking responsibility out of the fiscal process, Congress should be trying to put some back.

Letters to the Editor

Strategy for electricity

From Mr E. Barrow

Sir,—Mr John Lyons argues (August 12) in favour of maintaining the CEGB as a single entity, claiming that only thus will generating costs be kept down. His arguments only justify maintaining the national grid as a single entity. If the generating side were split into several companies, the operators of the national grid would switch in power stations on a merit order basis as at present; the difference is that the merit order would be based on the price of the electricity, not the power station operating costs. The power generation companies would compete on price to supply the national grid; the incentives to reduce operating costs would be more directly felt by station managers responsible for the bottom line. The supply contracts would be structured to differentiate base-load and peak demand supplies.

The reality of the CEGB's operational economics is a direct consequence of its monopolistic structure. The operational economics will change following the introduction of competition. The reality is that a privatised monopoly would tend to inefficiency. Adequate competition will be far more effective than any conceivable "Ofelec" at controlling that inefficiency.

Privatised power station management however might be tempted to cut costs by skimping on safety and emission control. It is important that privatisation is accompanied by stringent statutory emission controls (enforced by an efficient inspectorate and adequate sanctions) on fossil fuel stations and even more rigorous safety standards and inspection regimes for nuclear stations.

Edward Barrow,
17 Rudloe Road, SW12.

International terrorism

From Mr I. Lucas

Sir,—There can be few reservations about what Professor Paul Wilkinson says in his article of August 12: "The message must be: violence does not pay." Diplomatic, economic and arms embargo measures all have a part to play in combating the scourge of international terrorism—though in the context of the Gulf War it is ironic that those who now profess to believe that an arms embargo can help to end the hostilities did not apply the same logic before the conflict began.

It is, however, what Professor Wilkinson does not say which is of more concern. International terrorism in the Middle East is a disease which has its roots in the political situation in the area. Treating the symptoms is no substitute for tackling the causes. To cut a long and familiar story short, these are Arab frustration and humiliation over Palestine and similar Shi'a feelings in Lebanon, each fuelling — and fuelled by—Islamic extremism led by Iran, though not confined to that country. In both cases, western policies have unfortunately contributed to the problem. For example, the unswerving support given to Israel by the United States makes the regime in Saudi Arabia vulnerable, because of its American association, to the kind of subversion and worse exemplified in the recent disgraceful episode in Mecca, which Professor Wilkinson rightly quotes as a reminder of the terrorist threat from Iran.

Professor Wilkinson's remedies—supplemented by thorough and painstaking intelligence and policing operations — therefore provide only part of the answer. So long as the international community fails to grasp the political nettles, concentration on the symptoms will continue to obscure rather than cure the disease.

Ivor Lucas.
65 Newstead Way, SW19

Bubbly all over

From Dr J. Stretton

Sir,—"As the UK representative for the CIVC, the semi-governing body for the champagne industry, I feel bound to further re-emphasise the real meaning of champagne . . . champagne is a wine from the Champagne region, a delimited area 90 miles north-east of Paris. Any reference to champagne being produced outside this region, either in inverted commas or not, creates a misunderstanding of its true definition." (August 8.)

Chambers Twentieth Century dictionary is accepted by the Financial Times Crossword Editor as a leading authority on the English language and it defines champagne as "a white sparkling wine, strictly from Champagne in France." In common usage it can be made elsewhere.

CIVC's definition refers to champagne in the French language, but the Financial Times is written in the English language. This word has been adopted in general usage to mean a white sparkling wine in many languages, and these words cannot have their meanings cancelled by the French. The Catalan-speaking people of this island celebrate their fiestas with champan and it is made on the Spanish peninsula. Just one of many Spanish producers has the largest sales of Cava, as the French have bullied it to call it, in the world. It ill becomes the Financial Times to allow a French organisation to rule what may or may not be the meaning of the words it uses.

General Franco claimed to have four columns marching on Madrid and a fifth one inside Madrid. Since then Fifth Columns have been reported in many cities throughout the world. I have never heard it alleged that this "creates a misunderstanding of its true definition."

Provided that they can be understood at all, the rule of thumb is that words mean what their user wants them to mean. Why does the Financial Times hold that "champagne" is an exception?

(Dr) John Stretton.
Apartado 10,
Villa Carlos, Menorca.

Gunpowder plot

From Mr S. Roman

Sr,—I am delighted that Observer (August 12) should have noticed my letter in Chemistry in Britain, and drawn the correct conclusion. He is, however, wrong in detail.

Nitrogen iodide is the explosive redblooded schoolboys used to paint on blackboards and board dusters. It is easier to make and more sensitive than the fulminates. It also has eight words in the commonest university text, not extending to indicating how it is made. Nor do many of today's anaemic graduates know how this is done.

The fulminates are of theoretical interest, and have had some commercial importance for 150 years, as well as presenting risks to the experimenter. Their exclusion from chemistry as known in school or university is, thus, the less excusable.

Professors hear and write reports with surprise, they do not blow themselves up. Would that they did, for this is part of the problem. A lecturer is appointed at the age of 26, at the age of 28 he, or she, is given a research group of half-a-dozen post-graduate students and a post-doctoral assistant. She, or he, may never perform another experiment thereafter. It is more than a decade since the average lecturer, let alone professor, last did any practical. It is not surprising that they forget the tricks of the trade. But the result is that universities consist of a mixture of those who have never learnt the properties of actual, physical, matter and those who have forgotten. And it is my impression that it is the less red-blooded schoolboys, who swotted up the theory, as opposed to the practice, who become lecturers.

Graduates still, in fact, know what gunpowder is, though not the proportions of the mix. But this shows that the old practice of natural selection, whereby the competent choolboy became a chemistry student while the scarred and fingerless incompetent took up the more predictable science of engineering, has ceased to operate. My generation and older know the proportions, as well as those for more exotic mixes that explode when sprayed with water.

Simon Roman,
2 Upper Rosemary Hill,
Kenilworth, Warks.

Make the urban pie afresh

From Mr D. Redfearn.

Sir,—Surely Hazel Duffy (August 12) must understand that to take a lot of existing policies, mainly reflex reactions to crises, and stir them all up together, is no way to formulate a consistent policy for inner city renewal.

The curious thing is that the job has been done already in various parts of the world where English is spoken, so that there is not even a language barrier to its understanding. The South Africans, for example, best known at present for their desperately heavy-handed method of dealing with some of their social problems, have had no difficulty in solving this one to the satisfaction of most people concerned.

An elderly friend of mine knows a senior civil engineer in Johannesburg who went to school with her grandson. On a recent visit, he expressed his surprise at conditions in Britain. "We don't have urban dereliction in Johannesburg," he explained, "because we tax land values instead of buildings." As soon as a building is no longer of use, it would seem, down it comes to be replaced by a more suitable one; for the tax has to be paid anyway. If any idle hands are to be found in Johannesburg, it is not because of idle lands; there aren't any.

The same fiscal measure has had the same effects in Australia, British Columbia and New Zealand. Even if the Prime Minister does not want to visit South Africa, what does she talk about at Commonwealth Conferences?

David Redfearn,
15 Fennell's Close,
Eastbourne, Sussex.

FINANCIAL TIMES

Monday August 17 1987

Roderick Oram on Wall Street

Investors pile into LBO funds

AS IF Wall Street's 250 per cent share price rise over the past five years had failed to slake their thirst for profits, investors ranging from pension managers to wealthy individuals are piling into leveraged buyout funds. The tens of billions of dollars they are committing to buying out and breaking up companies, however, is making analysts edgy. The stampede is helping to drive up stock prices and is making it increasingly hard for LBO players to match the fabled profits of the past.

Sharp philosophical divisions are emerging between players who believe that only the mega-deals make financial sense now and those who think the solution to over-crowding is to pick off pieces of conglomerates rather than swallow them whole.

Moreover,the bull market has to end within the next year or so which will make it exceptionally tough for buyout specialists to make their really big-profit coup de grace: taking the rump of their holdings public again.

Today's conditions seem less hospitable for sensational deals such as Gibson Greeting which made Mr William Simon an instant legend. The former head of government bonds at Salomon Brothers and later Treasury Secretary bought with his partners the greeting card company in 1982. They leveraged their $1m of equity with $79.5m of debt secured against the company's assets. By 1985 they had generated $200m of cash from asset sales and taking it public again.

Touting similar,if less spectacular tales, LBO specialists have found it easy to drum up money from investors. Mr James Freeman, an investment strategist at First Boston, has identified 27 LBO funds that have on hand at least $17.5bn. Leveraged up with debt levels typical of LBOs, he estimates they have $140bn to spend. Such awesome spending power will increasingly push up stock prices as it accelerates the shrinkage of the market's equity base. Only $116.7bn of new common stock was issued in the US between 1983 and 1986.

Quite separate from the funds are the securities firms jumping into LBOs on their own account. Merrill Lynch, Morgan Stanley and First Boston are three of the top performers that have pulled off many large deals. Big profits have brought pain, however, for at least First Boston. A bitter internal debate has been sparked by senior managers who want it to drop securities trading and other traditional businesses to focus solely on LBOs and other merger and acquisition activity. Disagreements of a different kind seemed to lie behind the recent departure of Mr Jerome Kohlberg from Kohlberg Kravis Roberts, the largest and most influential LBO specialist. He is credited with doing the first LBO, then called a 'bootstrap', in 1965 when he worked at Bear Stearns. The concept grew slowly from that $14m deal until the mid-1970s when he and two colleagues at the brokerage house set up on their own as KKR.

The firm has done more than 30 deals worth a total of more than $30bn, including last year the $6.2bn buyout of Beatrice Companies. KKR has generated a 60 per cent compound annual rate of return on equity for its investors. Such a record is, no doubt, helping it tap them for the $5bn it is currently raising. The minimum contribution to this its sixth fund is $25m.

Judging by Mr Kohlberg's few comments in the press when he left KKR in June, he thinks the LBO business has got out of hand with huge funds having to chase after even larger targets. He and his son have set up Kohlberg & Co which is believed to be raising a modest fund of $250m.

Forstmann Little has taken a different tack from its arch rival KKR. By doing fewer, smaller and less big-name delas and taking a far more active role in the management of the companies that it buys out, it has been able to reward equity partners with a return of more than 100 per cent a year since it was founded in 1978. Earlier this summer it raised $2.7bn for its latest fund.

Clayton & Dubilier, founded in 1978, tends to take the piecemeal approach. Some 50 per cent of Fortune 500 executives it surveyed recently said restructuring of their groups was a possibility. These spinoffs solve the problem of finding targets. It is getting 'harder and harder to find a company you can buy at a prudent price, 'said Mr Peter Dolle, one of its partners.

Certainly, a number of smaller, inexperienced LBO funds have a conspicuously poor record to date of picking targets and consumating deals. Their troubles will only get worse. Because of the huge volume of money chasing ripe assets, 'the questions is not if the market is going up,' said Mr Freeman, 'but how soon and how much.'

Tony Walker in Bahrain reports on the progress of an intense propaganda war

Battle of words in the Gulf

AS THE US and its western allies continue their naval build-up in the Gulf region, threatening a military confrontation with Iran, a struggle at a different level is being fought by the Iranians and their Arab neighbours. It is is adding to already high tensions in the region.

An intense propaganda war across the murky waters of the Gulf is still in progress two weeks after the Mecca incident in which more than 400 people died - most of them Iranian pilgrims - after a demonstration at Islam's most sacred shrine.

Saudi Arabia and Iran are continuing to heap invective on each other in radio and television broadcasts and in despatches carried by their press agencies. Western observers in the region describe the inventiveness of insults flying back and forth as impressive.

Iran is accusing the Saudis of firing on Iranian pilgrims in the disturbances at Mecca, and of suppressing details on the number of casualties and the circumstances in which people died. Saudi Arabia vigorously denies accusations that its security forces turned their guns on the rioting Iranians, insisting that the pilgrims died in a stampede after attempts were made to break up the demonstration.

Day after day, the Saudi Press Agency, in its Arabic and English language transmissions offers to ship coloured photographs of "knives and sharp tools which Iranians had tried to take with them into the Holy Haram (sacred area) after they hid them under their garments in order to kill and terrify pilgrims of God."

Iran is responding by inviting observers, including foreign journalists, to Tehran to interview survivors of the Mecca riot to reinforce its version of events. At the same time, Iranian newspapers, radio and television are continuing their attacks on the Saudi royal family in the most derogatory terms.

The normally reclusive Saudis appear to have won the first round in an exchange of insults with Iran

Western officials in the region say the normally reclusive Saudis have given a good account of themselves in the propaganda battle, and may even have won the first round. Saudi Arabia, immediately after the Mecca riot, made skilful use of film material showing Iranians vandalising buildings and cars to underscore its claims of serious provocation.

The Saudis secured almost total Arab support after the incident. Saudi Arabian propaganda made much of a phone call from Syria's President Hafez al Assad to King Fahd, expressing sympathy. Syria is almost alone among Arab states supporting Iran in the long-running Gulf war.

Radio and television broadcasts are playing a particularly important role in the propaganda battle. Iran, whose television and radio programmes can be received clearly throughout the Gulf, has broadcast hours of material relating to the Mecca incident.

Some of these transmissions have been aimed at states where Shia Moslems, many of Persian origin, predominate. These communities exist in strength in Sunni-ruled Kuwait, Bahrain and in the eastern province of Saudi Arabia.

Iranian propaganda has been particularly insulting to the Saudi royal family. Leaders in Tehran have urged that the rulers of Saudi Arabia be "uprooted," and have said they are no longer worthy custodians of places sacred to the world's 1bn Moslem.

Iranian officials have also been making slighting references to the Wahhabi's, the highly orthodox and previously warlike Sunni sect of whom the Saudi royal family are members. Iran has sought to reopen an ancient feud between Shia Moslems and the Wahhabi who sacked the sacred Shiashrines of Karbala and Najav early this century.

The intensity of the propaganda war in the Gulf is deeply worrying smaller states in the region with sizeable Shia communities, particularly as the festival of intensely religious festival of Ashura is approaching early in September in which Shias engage in symbolic acts of self-sacrifice, including flagellation, in memory of the early martyrs, notably Hussein, son of Ali, founder of the Shia religion, who was slain at Karbala in the seventh century.

In its efforts to demonstrate Islamic solidarity against Iran over the Mecca incident, Saudi Arabia is publicising commentaries from the world press, particuarly those from Arab countries.

The Egyptian press has provided some of the most hostile commentaries. In the latest issue of the weekly Al-Mussawar magazine, a writer said that the "rulers of Iran are not sending pilgrims to Mecca, but warriors armed to the teeth to foment trouble and chaos in the Holy Land during the most sacred month of the Islamic year."

Saudi Arabia has also been publicising incidents involving Iranian pilgrims in recent years. It reported that arms were taken from Iranians in 1982, and that in 1984 an Iranian was killed in fighting between pilgrims from Iran and Iraq.

It also revealed that in 1986, 260 pounds of explosives were confiscated from Iranian pilgrims. Saudi television said on August 2 that it was belately publicising the event to show the Moslem world "the truth" about Iran.

British GM workers face life under Japanese rules

BY CHARLES LEADBEATER IN LONDON

UK workers returning to General Motors' van plant north of London today after the factory's traditional two week holiday will immediately see the first signs of the radical changes to working practices which GM said were the precondition for finalising its joint-venture with Isuzu, the Japanese manufacturer.

It will be the first time the 1,150 manual workers will have started work without clocking on, and as they leave it will be the first time they will have worked the same hours as white collar workers.

Much else will have changed. Lunch will be reduced to half an hour, there will be tighter restrictions on visits to the toilet, and a cut in the tea break.

Mr Paul Tosch, chief executive of GM's commercial vehicle division, expects to sign the joint venture with Isuzu in late September or early October.

A team of half a dozen Japanese managers will arrive at the plant in Luton later to advise on the introduction of just-in-time production methods.

Over the next few months there will be an intensive training programme at the plant to ease the introduction of multi skilling on the shopfloor, develop leaders for the work teams, and encourage managers to adopt a more participatory style of decision making.

Mr Tosch said he was confident the workers would take to the revolutionised production system despite the refusal of Mr Mick Murphy, the Transport and General Workers Union's national automotive officer, to sign the agreement.

Mr Murphy is the only one of the five national officers of unions represented at the plant who refused to sign.

He has said that he would call a ballot on industrial action but that threat seems to have receded as Mr Murphy is on holiday abroad till the end of the week.

Mr Tosch said he was hopeful the difficulties with the TGWU would be resolved. Mr Tosch disclosed there had been informal talks with Mr Murphy before his departure.

There will be little production today as workers are shown the changes to factory. During the day they will gather in teams to be told, and to discuss, the transformation in the production system which the company says is vital to the plant's survival.

UK sales growth fuelled by earnings

By Ralph Atkins and Janet Bush in London

FURTHER EVIDENCE that Britain's retail sales growth is accelerating comes in the Confederation of British Industry/Financial Times survey published today.

The survey shows buoyant retail sales in July which surpassed expectations; another strong performance is expected in August.

The recent surge has been fuelled principally by earnings outpacing price increases. City of London economists, and the Bank of England in its bulletin published last week, are forecasting that high pay settlements will continue to push up retail sales at least over the next few months.

There are fears that the strong domestic demand, coupled with a deterioration in British industry's competitiveness, partly due to sterling's appreciation this year, will increasingly suck in imports.

Last week's trade figures for June showed a 10 per cent increase in the volume of consumer goods imported between the first and second quarters of this year.

There are also worries about the efficacy of the expansion in consumer credit which has accompanied the retail sales growth. The Bank of England last week focused on the high level of credit extension in mid-year as a key reason why the authorities decided to raise interest rates by one percentage point on August 6.

The move was motivated by fears of a build-up in inflationary pressures in the economy associated not only with buoyant consumer spending but also with high earnings, surging house prices and signs that unit labour costs are beginning to rise more strongly.

The Bank also noted uncertainty about the development of the money supply aggregates, which indicate a mixed picture. While the broad money aggregate, M3, has hovered for some months around a 19 per cent to 20 per cent annual growth rate, narrow money, Mo, has stuck near to the middle of its 2 per cent to 6 per cent target range.

However, the July figures due to be published on Thursday are expected to show an acceleration in narrow money growth, taking its annual rate to above 5 per cent.

Such a figure, although probably already widely discounted by financial markets, is likely to cause some nervousness because of the experience of last autumn. Then, the authorities partly justified a one point rise in base rates to 11 per cent because annual growth in Mo had crept above 4 per cent.

Of the 285 retailers questioned in the survey, 74 per cent said sales increased in July compared with the same month last year and 10 per cent reported a fall. The proportion reporting more sales is the highest since September.

The findings confirm a recent upsurge after several months when retailers' expectations were frustrated. After a rapid rise in sales for the last six months of 1986 there was an erratic and relatively flat start to this year.

In June, however, the Department of Trade and Industry's index of retail sales volume showed a 3.2 per cent increase.

Tehran threatens Arab oil pipeline

Continued from Page 1

away as 25km reported hearing two explosions, and witnesses saw thick smoke billowing from the installation. It was cordoned off early yesterday by Saudi police, and Aramco later said normal exports had resumed from stocks - though the plant had yet to resume production.

Western officials in Gulf capitals are drawing parallels between the Saudi Arabian explosion and one at a propane plant in Kuwait on May 22 that sparked a fire which burned for three days and threatened the lives of thousands of nearby residents.

Kuwaiti officials said at the time that the explosion was caused by a bomb placed by an employee of the Kuwait Oil Company who was a member of an Iranian-backed underground cell. The bombing of the Mina al-Ahmadi propane storage unit was one of a number of recent acts of terror believed to have been inspired by Iran against Kuwait which supports Iraq

Since the Mecca riot Iran has vowed vengeance against Saudi rulers, and the Gulf region has been bracing itself for a strike against Saudi Arabia or one of its Gulf allies.

The Ras al-Juaimah liquefaction facility, a relatively new plant completed in 1981, is about 50 miles north-west of Bahrain in Saudi Arabia's oil-rich Eastern province. Shia Moslems predominate in the region and are estimated to number between 300,000 and 400,000.

The Shia communities of the Eastern province are regarded by Saudi Arabia's mainstream Sunni Moslem rulers as a potential security problem because of fears that Iran may use its Saudi Shia co-religionists as a fifth column.

In Washington, President Ronald Reagan used his weekly radio address on Saturday to make his first substantive comments on the Gulf crisis for some time.

"If we're going to make progress towards peace, we cannot permit extremists to set the agenda or coerce their neighbours. We have to show that efforts of intimidation, like Iranian threats against Kuwait and other non-belligerent states in the Gulf, do not work," he said.

Mr Frank Carlucci, President Reagan's national security adviser, yesterday sought to play down tensions in the Gulf. 'We are not being provocative to anyone,' he said.

Mr Carlucci, who is with President Reagan at his Santa Barbera ranch in California, said that the US military build-up in the region had not reached the point where it was necessary to invoke the War Powers Act. Leading Democrats have urged the President to invoke the act, which would require Congressional approval for a continuing US commitment in the region.

Mr Carlucci sought to counter this pressure by stressing that the US had not made an 'open-ended commitment' to Kuwait to escort its tankers flying the US flag. 'If the danger recedes, the reflagging can stop,' he said. He again stressed US diplomatic moves through the United Nations to impose an arms embargo on Iran if it failed to comply with a ceasefire.

US officials are also warning against a threat of Iranian terrorist acts against US embassies around the world. The State Department said at the weekend that it had ordered diplomats to take extra precautions, adding that the Iranian threat against embassies was "the most serious that we have ever seen developing."

Central America peace plan

Continued from Page 1

vatives in the Republican Party argue that President Reagan has 'sold out' the Contras.

Mr Frank Carlucci, Mr Reagan's National Security Adviser, said yesterday that pressure on the Sandinistas had to be maintained. 'We are dealing with a self acknowledged Marxist-Leninist regime in Nicaragua ... no agreement signed by them is self implementing,' he said.

Congressman Lee Hamilton, the respected Indiana Democrat, said it was unclear if the Reagan Administration was sincere in its effort to pursue the diplomatic opening created by the outline Guatemala City pact.

He said he was perturbed by Mr Habib's resignation. "It is a step back from negotiations

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	29	84	Dubrovnik	S	27	81	Malta	S	31	88	Rhodes	S	28	82
Algiers	S	31	88	Edinburgh	F	20	68	Manchester	S	22	72	Rio de J'o	S	23	73
Amsterdam	S	22	72	Faro	S	24	75	Manila	R	34	93	Rome	S	30	86
Athens	F	32	90	Florence	S	27	81	Melbourne	C	12	54	Salzburg	F	21	70
Bahrain	S	37	99	Frankfurt	S	21	70	Mexico City	S	27	81	San Francisco	C	21	70
Bangkok	S	33	91	Funchal	S	25	77	Miami	R	34	94	Seoul	C	26	79
Barcelona	S	30	86	Geneva	S	24	75	Milan	S	30	86	Singapore	F	29	84
Beirut	-	-	-	Gibraltar	S	29	84	Montreal	R	23	73	Stockholm	F	15	59
Belfast	C	19	66	Glasgow	C	18	64	Moscow	C	21	70	Strasbourg	S	24	75
Belgrade	F	21	70	Guernsey	S	23	73	Munich	S	22	72	Sydney	S	18	64
Berlin	C	17	63	Helsinki	C	13	55	Nairobi	F	25	77	Taipei	C	35	95
Biarritz	C	22	72	H. Kong	F	29	84	Naples	S	32	90	Tangier	F	26	79
Bombay	C	30	86	Innsbruck	S	22	72	Nassau	R	33	91	Tel Aviv	S	31	88
Bordeaux	S	35	95	Inverness	F	22	72	New Delhi	C	34	93	Tenerife	S	28	82
Brussels	S	25	77	Islamabad	S	42	108	New York	R	28	82	Tokyo	S	31	88
Budapest	F	29	84	Istanbul	R	21	70	Nice	S	28	82	Toronto	R	19	66
B. Aires	C	19	66	Jakarta	S	34	93	Nicosia	S	39	102	Tunis	S	41	106
Cairo	S	33	91	Jersey	S	26	79	Oporto	D	19	66	Valencia	F	32	90
Cape Town	F	16	61	Jo'burg	R	10	50	Oslo	F	18	64	Venice	S	27	81
[illegible]															

Wall St firm faces inquiry

Continued from Page 1

The commission, which was formed in 1977, is credited with considerable success in preventing organised crime, which became entrenched in the Nevada casinos and service industry, from taking over the Boardwalk.

The commission, which some casino operators complain is excessively tough, also refused Hilton Hotels a licence to operate in Atlantic City in 1985.

This week it shocked Wall Street by rejecting a $960m re-capitalisation of Caesars World.

THE LEX COLUMN

Trouble in store

In a nation of supposed shopkeepers, the UK retail industry has not been doing too well lately. Last week's final fall from grace of Harris Queensway and the announcement by Mountleigh - a property company, not even a retailer - that it is considering bidding for Storehouse, are just the latest in a series of blows to the British retailing ego.

In stockmarket terms, too, the sector has been one of the worst performers both last year and this. Its historic p/e premium to the market, commonly 30 per cent in the past, has dropped to around 10 per cent. All that despite the continuation of a five-year consumer boom, fed by tax cuts and real wage increases, of such strength that the stores ought to be raking in the profits. Repeated talk by the retailers themselves of patchy sales patterns, not entirely supported by either official figures or reported profits, and fear that the boom is coming to an end, have been the easy explanations for the decline.

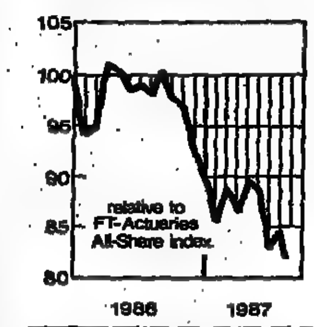
Premium

In trying to establish deeper reasons for the sector's loss of sparkle it is worth looking at why the retail sectors earned their premium rating in the first place. Besides thefund managers' familiarity with the companies - most reckon they are experts because they go shopping on Saturdays - the stores were expected to grow faster than the generality of industry. Expansion was limited only by the availability of sites. In periods of high inflation stores' profits were flattered while manufacturing industry suffered. And while other companies were fighting unions, stores employed low-paid, non-unionised, and to a great extent part-time workers.

Stores' financial ratios, too, were exceptionally strong. Gearing was usually low or non-existent, working capital was financed by suppliers and the fixed assets were largely properties which could be expected to rise not fall in value.

Some of those advantages remain, but a lot have gone. Other industries have improved their balance sheets. Low inflation has made profit rises harder for stores to generate, though they are of a better quality, while manufacturers' profits have been increasing strongly since the recession ended. And the stores' cost model has started to work against them as, for example, those real wage rises which

STORES



boost retail sales are also paid to shop-workers, even if part of the increase is offset by higher productivity. So although retail sales volumes may this year rise by 4 per cent, the old effect of higher volume passing straight through to net profit is not working in quite the same way.

Sentiment

Perhaps the most important influence in turning stock market sentiment against the sector has been the realisation that retailing in the UK is becoming much more competitive as the multiples dominate the market. That has in turn set the retailers scrabbling desperately for market share, either through increasing their selling space or by taking over their competitors. The former has led to the retailers' machismo; vying to spend more on opening more new stores than the others. Allied to that has been the "refurb" wave as shops are more and more frequently redesigned - amid much talk of ambience - to pull in the crowds. Each one reopens to a surge in sales, which then levels off until the next time. It is bad enough when sales volumes are rising, but when the growth slackens, or worse, reverses, some fear a bloodbath. Those who remember the "store wars" of the 1970s when retailers slashed margins to grab what volume there was, can picture the outcome.

The takeover wave has been even more destructive to the retailers' reputations. Although speculation is perhaps the only positive factor for share prices in the sector, many of the earlier takeovers now look failures. Asda-MFI's decision to part company is at bottom a recognition of that fact. And Mountleigh's assertion that the various parts of Storehouse would be worth more apart than together may yet prove correct if the bid price is not too high.

Billed, sometimes justly, as a way of increasing buying power and becoming more efficient, takeovers were too often motivated by greed for expansion, sometimes required to cover up less-than-brilliant trading in the original chains. There is logic in Ratners' expansion in the jewellery market, but some deals have produced the retail equivalent of conglomerates with nothing holding them together but the central office. Worse, the takeovers have whipped up the personality cults in which the City of London has all too readily indulged. The gods that were worshipped are one by one turning out to be human.

Dilution

At the same time, the mergers resulted in massive share issues, upsetting the supply/demand balance in the stock market and diluting earnings. There were also suspicions about the accounting principles employed after mergers were completed, highlighted by food retailer Argyll's brave decision to take costs involved in integrating its supermarkets with the Safeway chain pre-tax when others tucked such expenses out of sight.

All this suggests that the stores sector is in the same position as any other industry reaching maturity. The chase for market share, the rationalisation through mergers and the prospect of overcapacity are all give-away signs. The sector may never regain its historic premium, barring another round of stagflation. But it would be wrong to write off every constituent. There will be winners and losers.

The losers may prove the better investments for the present if bid speculation continues, but it is time to start looking for winners. The most obvious requirement is good management. Those able to exploit, or even develop, growth areas within a dull market will succeed - anyone who can master the art of tempting consumers to buy furniture, for instance, deserves to make a fortune. There is also the promise of market segmentation, though the problem there, as in any mature industry, is that it takes a lot of niches to keep the giants going. The other solution is to expand overseas, a move which more retailers are trying. But to find growth that way shopkeepers will have to succeed in another British tradition - empire-building.

هكذا من الأصل

FINANCIAL TIMES
Monday August 17 1987

INTERNATIONAL BONDS

Eurobond houses turn their attention back to retail buyers

BY CLARE PEARSON IN LONDON

LAST WEEK found Eurobond new issue managers concentrating on launching bonds in the higher-yielding currencies – notably Australian and New Zealand dollars – which classically appeal mainly to Continental retail investors.

This partly reflected the continuing difficulty of launching bonds in other currencies such as the US dollar and the D-Mark as financial markets awaited the results of the US Treasury's $28bn auctions in New York.

But for some it had wider implications as part of a trend whereby, since professional investors are increasingly eschewing Eurobonds for the more liquid government markets, Eurobond houses have been forced to turn their attention again to the retail buyers who had formed the market's main investment base during the market's early years.

The problem with trying to access these investors just at the moment is that most of them have not yet returned from their summer holidays. But, especially in the Australian dollar sector, underwriters seem prepared to sit on paper launched now in anticipation of strong retail demand in the autumn.

And dealers last week found encouraging signs that already some retail buyers were turning their attention once more especially to their Australian dollar bond investments.

"It just shouldn't be like this in the Aussie sector in August," said one dealer who had found his summer quietude disrupted by a rash of retail enquiries.

In the background was a stabilisation of the Australian currency after a sharp fall a few weeks ago and a strong rally in the Australian dollar domestic market, triggered by the release of encouraging inflation figures.

The extent of this rally, however, presented difficulties for Eurobond new issue managers, as its effect on swap rates made it hard to price new issues at coupons which would catch the eye of investors.

Nevertheless, a number of houses surmounted this problem and four new deals worth A$200m emerged, all of which seemed to go down reasonably well with the market.

But dealers commented that their coupons were set at levels comparable with those on bonds issued when the market was going through a euphoric phase ahead of the Australian general election on July 11.

So, with a variety of cheaper bonds available in the secondary market, underwriters might have to wait some time before they were lifted off their books.

Meanwhile, with the New Zealand dollar domestic bond market rallying ahead of last Saturday's general election, Hambros Bank reopened the New Zealand dollar Eurobond sector with issues for Commonwealth Bank of Australia and BP Capital.

These bonds met a firm reception, and dealers noted that the New Zealand dollar sector was gaining increasing credibility in the eyes of the market, especially as at current interest rate levels underwriters can fund their holdings at a profit.

But, because of the small number of houses currently involved in the market, and the relatively narrow investment base, it seemed unlikely that many more such bonds would surface for the time being.

Last week's Canadian dollar Eurobonds, also aimed mainly at European retail, were launched against the background of a technical rally in the government bond market, which had suffered even worse falls than the US Treasury market at the beginning of the month.

This rally provided a lifeline for a number of relatively recent bonds which had previously been trading at big discounts. For instance, a bond for Ford Credit Canada, which had been trading at around 93, had moved up to 97½ by the end of the week.

Dealers noted, however, that the prices of most of the bonds that were launched last week failed to rally as much as seasoned issues on Thursday and Friday. Some dealers were concerned that there was a concentration of issues by West German banks, with which the market had already become heavily supplied.

Elsewhere, the Swiss foreign bond market, which has been one of the most active in recent weeks, was beginning to show the strain of the supply of paper. For instance, a SFr100m 5 per cent 20-year issue for Electricite de France dropped from 100¼ to 99½ in the course of the week.

Nevertheless, a SFr200m 10-year equity warrants bond for Deutsche Bank met good demand and was quoted at around 11½ points above its 122 issue price in the grey market on Friday.

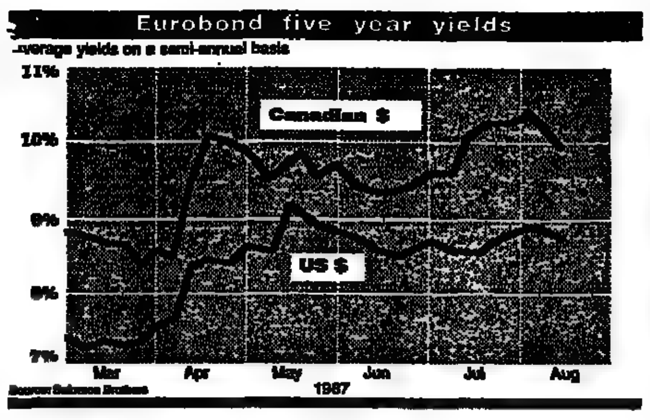
The launch of this issue had been seen by some as a landmark in the development of the Swiss market, since it was led by Deutsche Bank's Swiss branch.

This followed a syndicate rule-change last week on the part of the three leading banks, Union Bank of Switzerland, Swiss Bank Corporation, and Crédit Suisse, allowing a foreign bank to lead an issue for its parent within their syndicate.

The immediate effects of this change were not expected to be really significant, since the banks' communique issued last week only allowed for foreign-owned banks to lead issues where reciprocal arrangements existed in their parents' domestic market. This means that only West German and British banks will benefit.

But there was speculation last week that this change might be the harbinger of a further relaxation of the virtual cartel operated by the three big banks in the Swiss bond market, which could be advocated by Credit Suisse as it has been showing increasingly independent tendencies recently.

In this light, the twice yearly meeting of the syndicate, expected to take place next Wednesday, will be particularly closely watched for signs of any more radical changes.



EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
US$	1,779.9	355.8	905.0	5,250.0
Prev	1,926.2	561.1	239.0	4,382.1
Other	1,668.3	250.3	—	299.1
Prev	1,060.6	2.5	—	262.0
Secondary Market				
US$	17,470.6	2,342.9	8,253.8	5,664.2
Prev	17,353.0	2,404.9	10,915.3	5,147.7
Other	22,144.6	1,445.3	3,894.1	11,812.4
Prev	17,128.1	1,382.7	4,261.6	9,883.5

	Cedel	Euroclear	Total
US$	12,238.0	29,795.1	42,033.1
Prev	11,242.3	31,687.0	42,929.3
Other	18,310.6	23,203.6	41,514.1
Prev	14,574.1	19,406.9	33,981.0

Week to August 13 1987 Source: AIBD

INTERNATIONAL CREDITS

Bank of England sets daily benchmark for Eurocommercial paper

THE fast-maturing Eurocommercial paper market is at last getting its first independent benchmark, with the daily publication starting today of Bank of England representative daily rates for the paper, writes Stephen Fidler in London.

At 4.15pm, the Bank will publish on Reuter and Telerate screens investor returns on one, two, three and six month paper issued by companies rated either A1 or P1 by the two main US rating agencies.

The Bank will approach a panel of seven dealers each day for rates at 11.30am, and will publish a median rate for each maturity. The rates will normally be based on actual deals in the primary market, where liquidity is greatest.

The quotations will be ranked and the median rate will be chosen as representative.

Such a benchmark will provide the first independent yardstick for borrowers and issuers on how their programme is performing, but its importance is broader. The hope is that publication of the rates may free the market from using rates in the interbank market as a yardstick.

In the past London interbank offered rates have been used as the yardstick, but Libor has many disadvantages for the ECP market. Different banks quote different Libor rates at the same time and spreads between bid and offer rates vary.

Interbank rates fluctuate too with perceptions on the credit risks of banks, often irrelevant to issuers and investors in the ECP market.

Of course, the new benchmark is limited to a relatively narrow range of borrowers among the current 500 or more ECP programmes. The Bank says it may publish rates for other borrowers, such as sovereigns, if the market in these issues reaches sufficient depth.

Yields on issues vary widely, although in some areas the market is thought not to compensate adequately for risk differentials.

Paper for a prime sovereign borrowers, mainly attractive to central banks such as the Bank of England itself, could yield almost 20 basis points below Libid, for example.

At the other end of the spectrum would be borrowers such as Mr Rupert Murdoch's News Corporation, whose paper would yield around 25 basis points above Libor.

WestPac said it arranged Euro CP-CD facilities of $75m each for Caixa Geral Depositos, the Portuguese state owned bank, and for Sparebanken Bugkerud of Norway.

In the sterling sector of the syndicated loans market, SG Warburg completed syndication of a financing for Cadbury-Schweppes and announced two more.

The Cadbury deal, of which £200m was to be committed, was oversubscribed in syndication. Unlike a similarly aggressively priced deal for BTR, the group includes leading UK clearing banks at lead management level, Warburg said.

STC, the telecommunications group, is raising a £200m seven year multi-option facility, which will be used partly to refinance some existing medium-term facilities. The committed portion carries a facility fee of five basis points and a margin, if drawn, of 10 basis points.

Household Mortgage Corporation, whose business is in granting and securitising mortgages, has come to market for a £300m facility, incorporating a £200m, three-year committed portion.

The margin will be 15 basis points over Libor, with a facility fee of 12.5 basis points. Fees start at 2.5 basis points for the first 50 per cent of drawdown, rising to five basis points for 50 to 75 per cent usage and 7.5 basis points for greater utilisation.

Mitsubishi Bank (Europe) said it completed syndication of a Y10bn loan to Belgium, which closed oversubscribed. It was said to be the first yen loan for a prime borrower with interest linked to Japanese certificate of deposit rates and follows development of the CD market in Japan.

Margin on the five-year term loan was ⅛ point over the four-month CD rate in Tokyo. Management fees of 7.5 basis points were paid on commitments of Y1bn and 2.5 basis points on commitments of Y300m. Twelve banks participated.

N. Zealand groups set for merger approval

By Dai Hayward in Wellington

GOODMAN FIELDER and Wattie Industries, the New Zealand food groups, are confident that their plans to merge will receive early approval from the New Zealand Commerce Commission.

This follows a ruling by New Zealand's Court of Appeal that the Commission can consider amended merger proposals, under which both Goodman and Wattie undertake to divest themselves of certain assets.

The Commission originally ruled out the merger on the grounds that the combined company would have a dominant role in certain areas of food processing and manufacture.

The companies took their case to the Appeal Court and said they would sell off flour-milling and yeast-making subsidiaries.

The original 15 objectors to the merger then withdrew their opposition.

Both companies feared that having the application sent back to the Commission could cause a lengthy delay. They also had doubts about whether the Commission could rule on the amended merger proposals without having to consider a full application.

The Appeal Court ruling clears the way for the Commission to rule on the amended merger. The court also took note of an assurance from the Commission that it would give priority to the Goodman Wattie application.

On Friday, Mr Pat Goodman, Goodman Fielder chairman, and the managing directors of both companies – Mr Cliff Lyon of Wattie and Mr D.M. McDonald of Goodman – said in a statement that they were pleased with the court's decision.

They were confident that when the Commission examined their undertaking about divestment it would be satisfied.

UK GILTS

Shift in perspective to the longer term

ONCE Thursday's money supply figures have been digested, the near-sighted perspective of financial markets should shift to longer-run, fundamental trends in the economy.

Since the authorities moved to raise base rates on August 6, markets have been living on their nerves from one official statistic to the next. In the context of this extraordinary bout of short-termism, the publication last Thursday of the Bank of England's latest quarterly bulletin, with its careful review of likely longer-term developments in the economy, was perhaps more beneficial than usual.

The Bank summed up the outlook as unusually mixed. Bearing this in mind, it seems unlikely the UK government bond market can display much confident direction. It now seems inconceivable that interest rates will fall below 10 per cent, probably this year. The authorities' decision to tighten policy was not taken in a crisis and reflects their perception of long-term trends in the economy. For this reason, it is not easily reversable, even given the possibility of another bout of sterling strength.

The authorities have stressed the decision to raise rates does not signify a shift in policy towards the exchange rate — they still apparently want to keep sterling stable in line with the Louvre accord and reiterated the official policy of keeping a cap on the currency to defend industry's competitiveness. This may not be easy. Whereas before the authorities had the two tools of lowering interest rates and intervention, they have now ruled out lower rates.

However, given the consensus that the current account will deteriorate for the rest of this year and the now general recognition that the trends for world and domestic inflation are adverse, it seems more likely the authorities' problem will be defending sterling. Given the latent inflationary pressures in the economy, keeping the exchange rate firm has to be a priority.

Without the lure of either a currency play or the hope of lower interest rates, it seems unlikely government bond yields can fall much below the new base rate level.

The next high point in the economic calendar is Thursday's money supply figures. The Bank of England's bulletin was notable for its emphasis on credit and for its relative lack of interest in the narrow money aggregate, Mo. To the sheers in the markets who predicted another awful trade figure in the wake of the interest rate rise, this meant the bank lending figure was going to be a disaster.

The lending figure is difficult to forecast and interpret. Lending has been growing very quickly for some time now but the question still remains how much of this lending may leak into consumption and higher inflation. It is also far from clear how a one percentage point rise in base lending rates can improve this trend and the propensity to borrow seems to have been quite insensitive to the level of interest rates.

Mo is easier to forecast and an analysis of bankers' balances suggests the measure will have grown by about 1 per cent in July, taking its annual rate of growth above 5 per cent. This is bound to make markets nervous in the context of last October's decision to raise base rates from 10 per cent to 11 per cent. At the time, the authorities justified the move because Mo growth had risen above 4 per cent.

Either Mo has become less central to monetary policy making or October's rate rise actually had more to do with the severe pressure on sterling at the time.

Market attention has recently been squarely on the domestic economy. However, Friday's disappointing US trade figures, which cast doubt on whether any real progress has been made on reducing imbalances, should shift the focus back to the international environment. The IMF meeting in Washington at the end of next month could be a stormy one.

If Friday's US trade figure starts to undermine the dollar again and with it the US bond market, sterling and gilts could see some benefit, bolstered by 10 per cent base rates. But any advantage is likely to be limited given trends in the UK current account and, crucially, unit wage costs.

Janet Bush

US MONEY AND CREDIT

A week of pleasant surprises

US BOND markets continued their post-auction rally on Friday despite having the worst economic statistics in months thrown at them. Falling oil and gold prices helped but overall it was better investor sentiment which gave the markets a rock solid technical base to withstand the onslaught.

The drama, which at least for that session had a happy ending, capped a week of pleasant surprises as the Treasury's $28bn quarterly refunding brought unexpectedly strong bidding and low yields. Before the event, gloomy forecasts had suggested a long bond yield of, or just over, 9 per cent would be needed to stimulate demand.

The sales got off to a brisk start with dealers bidding keenly for three-year notes on Tuesday and 10-year notes on Wednesday even though retail investor demand appeared sparse. As is often the case with the auctions, the best came last with the 30-year bonds on Thursday. Rumours of a keen Japanese appetite helped stimulate overall demand. The Treasury received $30bn of bids for $9bn of the paper, the biggest cover since the height of a market rally three years ago. Such enthusiasm pushed down the average yield of bids accepted to only 8.89 per cent.

The marekts sprang alive Thursday afternoon as those dealers and investors who failed to get the bonds they wanted scrambled to cover their short positions, jacking up prices about a point. Several factors lay behind the strong demand. The Japanese bought around $6bn of the $28bn of paper sold at the refunding, including some 40 per cent of the long bonds, because of the dollar's recent stability and falling interest rates in their home markets. A suspicion lingers in some corners of Wall Street, however, that not all that buying was for investment purposes and some of the securities will return to the market in short-term trading plays.

Balanced against strong demand was thinner than usual supply. New issues of mortgage-backed bonds which compete for much the same investment dollars as Treasuries have shrivelled in recent weeks.

The Treasury supply also looks a little slender. Apart from the sale of two-year and five-year notes next week (August 26 and 27), there are no more offerings until next September. But even these are likely to be delayed because the temporary increase in the federal government's debt ceiling runs out September 23. Congress, bogged down in debate over budget deficit reduction legislation, will probably be slow to extend it.

These highly positive technical features have been accompanied by a marked improvement in sentiment most noticeably in the Chicago financial futures pits.

Thus fortified, credit markets battled through a wild day on Friday at the mercy of disconcerting economic statistics. June's US trade deficit of $15.7bn stunned investors and traders who had heard forecasts of $13bn and rumours of $9bn. The across-the-board increase in imports and a meagre export performance, coupled with revisions to previous months, showed that the improvement in US trade performance since the turn of the year has been largely illusory. The figures were "absolutely awful," said Griggs and Santow, money market economist.

The dollar plunged on fears that the Regan Administration would resort to its old trade adjustment tactics of talking down the dollar and trying to shame Tokyo and Bonn into further stimulating their economies. A quick dose of central bank intervention stopped the slide, however, and took some of the downward pressure off bond prices.

More figures followed but fortunately a weak rise in the wholesale price index took the sting out of the robust gains in industrial output and confirmed investors new-found hope that signs of stronger economic growth will not translate into more inflation.

At its worst on Friday, the long bond's price dropped 1¼ points but ended the day up ¼ point. It was a triumph of optimism and technical support over a pack of bearish news. Trying hard to see the bright side, one bond trader even suggested that a bigger trade deficit was good news for the bond market: it gave foreign investors more dollars to buy US securities.

But when Mr Alan Greenspan sits down tomorrow to chair his first meeting of the Federal Reserve's Open Market Committee, he might find that the ebullience of the bond and currency markets has worn off a bit and the greater reality of the US's dismal trade performance has sunk in. However, it is widely felt on Wall Street that nothing short of a cataclysm will bring a change in Fed polic yin th enear future.

* * *

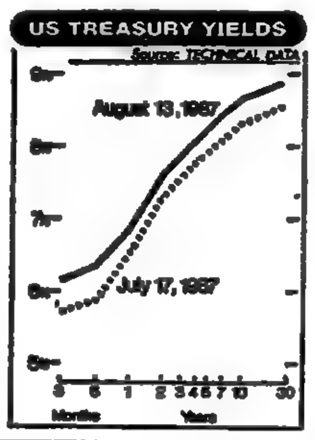
Several key economic statistics are due out this week, most notably July's consumer price index and the first revision to the second quarter gross national product figures both of which are due on Friday. The following consensus forecasts were compiled by Money Market Services of Redwood City, California, from estimates of more than 25 economists.

- The CPI is estimated to have risen 0.4 per cent in the month based on forecasts ranging from up 0.3 per cent to up 0.6 per cent. Thus, the inflation rate would remain in its trend since the spring of around 0.4 per cent.
- On balance, no change is expected in the preliminary 2.6 per cent annual growth rate for second-quarter GNP. But the range of estimates is wide from a rate of 2 per cent to 3.1 per cent. *The GNP priced deflator* is estimated at 3.8 per cent with a range of 3.1 per cent to 4.2 per cent.
- July's housing starts are due tomorrow morning. A modest rise is expected to around 1.6m units at an annual rate from June's low figure of 1.59m which had been affected by rising mortgage interest rates. Forecasts range from 1.50 per cent to 1.65 per cent.

Roderick Oram

US TREASURY YIELDS

Source: TECHNICAL DATA



US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	6.69	6.68	6.50	11.34	5.71
Three-month Treasury bills	5.97	5.85	5.96	6.65	5.01
Six-month Treasury bills	6.04	6.07	5.62	6.79	5.06
Three-month prime CDs	6.70	6.75	6.67	7.25	5.66
30-day Commercial Paper	6.59	6.58	6.45	7.78	5.55
90-day Commercial Paper	6.63	6.75	6.53	7.05	5.45

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wks ago
Seven-year Treasury	97 11/32	+⅛	8.39	8.50	8.25
20-year Treasury	104 3/32	+½	8.90	8.98	8.83
30-year Treasury	99¼	+1¼	8.75	8.91	8.56
New 10-year "A" Financial	n/a	n/a	9.63	9.65	9.25
New "AA" Long utility	n/a	n/a	10.00	10.05	9.25
New "A" Long industrial	n/a	n/a	10.01	9.90	9.78

Source: Salomon Bros (estimates).

Money Supply: In the week ended July 27 M1 rose by $1bn to $749.1bn

NRI TOKYO BOND INDEX

December 1985 = 100	13/8/87	Average yield (%)	Last week	12 wks ago	26 wks ago
Overall	134.94	5.04	135.04	140.83	134.96
Government Bonds	135.56	4.66	135.48	143.50	136.67
Municipal Bonds	135.80	5.64	135.27	139.97	135.16
Government-guaranteed Bonds	135.76	5.71	136.06	140.83	136.00
Bank Debentures	131.35	4.80	131.28	134.84	131.12
Corporate Bonds	135.04	5.75	134.93	137.69	134.10
Yen-denominated Foreign Bonds	138.11	6.39	138.94	139.28	135.38
Government 10-year†	—	5.79	5.61	4.07	5.22

† Estimated par yield.

Source: Nomura Research Institute.

FT/AIBD INTERNATIONAL BOND SERVICE

US DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABN Bank 8⅝ 92	150	99⅝	0	8.78
Aetna Life & Cas 7⅛ 16	200	93½	+0⅝	8.35
AHFC O/S Fin 11¾ 94	100	98⅝	−0⅛	11.78
AIDC 11 89	75	102⅞	+0⅜	8.73
Alcoa Australia 11 92	80	103⅝	+0⅜	10.10
American Expr 12⅝ 89	150	104⅛	0	8.65
[illegible]				
Qantas Airways 8⅝ 96	97	94½	+⅞	9.65
Quebec Prov 13 90	150	109½	−⅛	9.38
Queensld Gvt 11⅛ 89	100	106⅛	+⅛	8.37
Ralston Purina 11⅝ 95	150	107⅜	+⅛	10.22
Reynolds R. J. 10¼ 95	100	103		
Richardson-Vicks 11½ 93	125	106		
Rockwell Int 9⅝ 90	200	103		
Saskatchewan 7 91	125	95		
[illegible]				
IBM 6⅜ 96	300	131⅛	+4⅝	−1.13
Rockefeller Centre 0 00	952	25⅝	−0⅛	−78.29
Southwest Air 6⅜ 98	35	99⅜	+0⅛	54.44
Swiss Bank Corpn 6¼ 90	120	150	0	−9.43
[illegible]				

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions. FLOATING RATE NOTES: US dollars unless indicated. [illegible] CONVERTIBLE BONDS: US dollars unless indicated. [illegible] WARRANTS: Equity warrant prem—exercise premium over current share price. Bond warrant ex yld—exercise yield at current warrant price. Closing prices on August 14.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
US DOLLARS							
Sumitomo Construction ¶‡	50	1992	5	3	100	Daiwa Europe	3.000
Furukawa Electric ¶‡	150	1992	5	3¼	100	Nomura Int.	3.250
Takeda Chemical Ind. ¶‡	80	1994	7	4½	100	Nomura Int.	4.500
Taisho Marine & Fire Ins. ¶	200	1992	5	(3¼)	100	Nomura Int.	*
Nordic Inv. Bank ‡	100	1991	3½	8⅜	100¹⁄₁₆	Mitsubishi Fin. Int.	8.325
Yasuda Trust & Banking §	100	2002	15	(1¾)	100	Yasuda Trust Europe	*
DFC Finance G'ness**(d) ‡	132	1992	5	8½	100	Yamaichi Int. (Eur)	–
Asahi Glass ¶	200	1992	5	(3)	100	Nikko Secs (Europe)	*
Asahi Glass (e) ¶	50	1992	5	(3)	100	Daiwa Singapore	*
CANADIAN DOLLARS							
Berliner Bank ‡	75	1991	4	10¼	101.3	Citicorp Inv. Bank	9.841
Bayernhypo Finance ‡	65	1992	5	10⅜	101⅝	Banque Paribas	9.947
GMAC Canada ‡	100	1992	5¼	10½	101½	UBS (Secs)	9.971
BHF-Bank Finance ‡	50	1992	5	10⅜	101½	Morgan Guaranty	9.914
AUSTRALIAN DOLLARS							
Bqe Gen du L'bourg ‡	50	1990	3	13⅞	101½	Hambros Bank	13.237
BNP Australia ‡	50	1990	3	14	101.30	CSFB	13.235
WestLB Finance ‡	50	1990	3	13⅝	101½	WestLB	12.990
Barclays A'tralia Fin. ‡	50	1991	3	14	101½	BZW	13.361
NEW ZEALAND DOLLARS							
C'wealth Bk Australia ‡	50	1990	3	17¼	101½	Hambros Bank	16.576
BP Capital ‡	60	1990	3	17	101⅜	Hambros Bank	16.384
D-Marks							
Deutsche Bk Finance ¶‡	750	1993	7	5	125	Deutsche Bank	1.248
SWISS FRANC							
Kraft Inc. ‡	150	1992	–	4½	100¼	Chase Manhattan Bk	4.194
Funai Electric (f)**¶‡	60	1992	–	1¼	100	Citicorp Inv. Bank	1.250
Toyo Linoleum Co.** ¶‡	50	1992	–	1⅛	100	SBC	1.125
Swedish Export Cr.(a) ‡	100	1990/94	–	4–4½	100	Warburg Soditic	–
CCCE ‡	125	2006	–	5	100⅞	Mgn Guaranty (Switz)	4.967
Enso Gutzeit ‡	100	1998	–	5	99½	Credit Suisse	5.057
Deutsche Bk Finance ¶‡	200	1997	–	4⅛	122	Deutsche Bk (Suisse)	1.823
Tokyo Electric Power ‡	200	1995	–	4¾	100	Credit Suisse	4.750
Tokyo Electric Power** ‡	200	1992	–	4⅝	100	Credit Suisse	4.625
Horizon Gold Shares** §	12	1992	–	4¾	100	Banque Indosuez	4.750
Friendly Corp.** §	30	1992	–	(⅝)	100	B.della Sviz. Italiana	*
Yasuda Trust & Banking** §	100	1992	–	(½)	100	UBS	*
Statoil ‡	150	2003	–	5	99½	Credit Suisse	5.046
STERLING							
Grand Metropolitan §‡	100	2002	15	6¼	100	SBCI	6.250
Ass. Newspapers (c) §‡	50	2002	15	6	100	CSFB	6.000
DANISH KRONER							
Svenska H'banken (b) ‡	350	1992	5	10½	101⅞	Svenska H'banken	10.005
Eksportfinans (Norway) ‡	250	1992	5	10⅝	101⅞	Morgan Guaranty	10.260
Den norske Creditbank ‡	300	1994	6½	10½	99⅞	Privatbanken	10.490
LIRE							
EIB ‡	100bn	1992	5	10½	97¼	Banco di Napoli	11.249
LUXEMBOURG FRANCS							
RBC Finance** ‡	300	1993	6	7⅜	100¼	Bqe Paribas (Lux)	7.322
BELGIAN FRANCS							
World Bank ‡	5bn	1994	7	7¾	100	Generale de Banque	7.750

* Not yet priced. ‡ Final terms. ¶ With equity warrants. § Convertible. † Floating rate note. Φ With gold warrants. ** Private placement. ‡ Currency-linked. (a) Five tranches of SwFr 20m each with maturities of 3 to 7 years and coupons of 4 to 4½%. (b) Additional DKr350 on tap for 2 years. (c) Exchangeable into Reuters "B" shares or cash at issuers option. (d) Redemption – 65% in US$ and 35% in NZ$. (e) Launched in Asia. (f) With adjustable equity warrants. Note: Yields are calculated on AIBD basis.

All these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE — *June, 1987*

THE FUKUOKA SOGO BANK, LTD.

U.S.$50,000,000

1⅝ per cent. Convertible Bonds due 2002

Issue Price 100 per cent.

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited
Credit Suisse First Boston Limited
Mitsui Finance International Limited

Bank of Tokyo International Limited
Banque Bruxelles Lambert S.A.
Banque Paribas Capital Markets Limited
Barclays de Zoete Wedd Limited
Chase Investment Bank
Chemical Bank International Group
Citicorp Investment Bank Limited
Daiwa Europe Limited
Deutsche Bank Capital Markets Limited
Fuji International Finance Limited
IBJ International Limited
LTCB International Limited
Manufacturers Hanover Limited
Marusan Europe Limited
Merrill Lynch Capital Markets
Mitsubishi Finance International Limited
Morgan Guaranty Pacific Limited
New Japan Securities Europe Limited
Nippon Credit International Limited
Nippon Kangyo Kakumaru (Europe) Limited
Salomon Brothers International Limited
Sanyo International Limited
Sumitomo Finance International
Swiss Bank Corporation International Limited
Yamaichi International (Europe) Limited

All these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE — *June, 1987*

The Hyogo Sogo Bank, Ltd.

U.S.$100,000,000

1⅝ per cent. Convertible Bonds due 2002

Issue Price 100 per cent.

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited
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Daiwa Europe Limited
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Morgan Grenfell & Co. Limited
Morgan Guaranty Pacific Limited
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Yasuda Trust Europe Limited

UK COMPANY NEWS

Nick Bunker analyses the results of Britain's biggest composite insurers

Chief executives find their strength

SMALL PRINT hid some of the most intriguing aspects of half-year results produced in the last week by three of Britain's biggest composite insurers.

Their financial strength is now of a daunting grandeur which raises questions about the powers of some of them to deploy it efficiently.

With premium rates still rising—through at a slower pace—in Britain and North America, *the bottom-line in itself* was predictable: pre-tax profits doubled by Commercial Union at £82m, and more than doubled by General Accident, at £102.8m.

Royal Insurance—*the sector's* greatest money-making machine recently along with Sun Alliance, which is due to report next month—saw pre-tax profits *jump 80 per cent to £158.1m.*

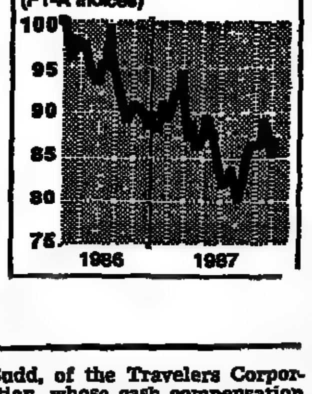
Of course, signs are emerging even more clearly of a slide into price competition in the US—whose property/casualty in*surance industry is nearing* the levels of profitability which unleashed a cyclical price war in the early 1980s.

But GA's figures showed that *its solvency margin*, the *ratio* of shareholders' funds to premium income, is now more than 100 per cent. A similar point about the composites' financial health *emerges from* analysis by Wood Mackenzie, the stockbroker.

Valuing the five big quoted composites as going concerns, *it finds that their recent share* prices showed discounts of between 32 and 41 per cent of their actual worth.

This has hardly been lost on the companies' chief executives—who were in confident mood at the week's results meetings. But are they using their new-found strength and confidence as an opportunity to step out of the crisis management of the mid-1980s into more creative long-term thinking?

Alan Horsford, chief executive of Royal Insurance.



On the life assurance side, there is plenty of activity. Royal's revelation on Thursday that it plans to double to 2,000 the size of its British life assurance sales force, is a sign of the eagerness with which the company — like its peers —are expanding into the *savings market* as a way of countering the impact of property/casualty business cycles.

CU's rapid creation since January of a UK unit trust operation — whose success caused some widely publicised problems among over-burdened back office staff — is another such initiative.

But with the prospect of *poorer non-life insurance results* emerging in the US and the UK from 1989 onwards, the question has to be whether the composites have found ways of *improving* the fundamental risk-taking abilities of their underwriters.

Pointing out that the US is a highly-fragmented, highly-competitive market, where the Royal, for instance, has less than a 1.5 per cent market share, will be only a partial excuse for an *underwriting* deterioration.

One vital, but rarely discussed issue here is pay and personnel management. While men like Mr Brian Corby, chief executive of the Prudential Corporation, firmly believe that the British insurance industry is under-regarded by outsiders, the composites have arguably compounded their own problems by under-paying and undervaluing their own personnel.

One index of this, perhaps, is that even Mr Alan Horsford, the *Royal's* group *chief* executive, earned only £117,000 in 1986. This is less than half the £269,000 made by Mr Carel Mosselmans, chairman of Sedgwick Group, the biggest UK-based insurance broker.

It is a mere fraction of the huge sums earned by the chief executives of US insurance companies, such as Mr Edward Budd, of the Travelers Corporation, whose cash compensation in 1986 was $829,769.

In fact, the Royal in particular has been installing new rewards systems—especially in the US—to gear the pay of underwriting staff, even at relatively low-levels to the profitability of local operations.

The importance of moves like this should not be under-estimated: firstly, because risk-taking decisions made even by branch staff can impact heavily on an insurers' results.

Hence, in the view of some observers, a need for mechanisms to reproduce among insurance companies the kind of close relationship between executives' rewards and actual results which Lloyd's of London has always had.

It may not be accidental, for instance, that one of the world's most consistently *successful* property/casualty insurers, New York-based American International Group (AIG) is 30 per cent owned by its senior officers.

The second point is that in London, in particular, the composites have to compete for staff, especially graduate trainees, *with other financial* services entities which either pay more or project a more glamourous image. One of the big composites lost half its 1986 intake of graduate trainees on the non-life side within six months.

Another issue is marketing. Mr Michael Butt, chairman-designate of Eagle Star, the UK's sixth biggest composite, is adamant that the real battle in the insurance industry, in both property-casualty and life business, will be for channels of distribution.

That is only partly because the 1986 Financial Services Act is ushering in, what could prove, an unprecedented re-ordering of the life assurance industry's distribution channels.

Efforts are being made by CU and others to secure building societies *as marketing* intermediaries. The Royal's acquisition of stakes in 530 estate agencies is another such move, which has already brought £1.7m into group pre-tax profits in the first half of 1987.

Yet this may not be enough. In the UK, the most common strategy for composites wanting to expand in the private motor or household insurance business is to target market segments, like mature married couples whose claims experience is good and income high.

This has come relatively late in the day — since targetting like this was actually pioneered, in combination with astute advertising in glossy, up-market magazines, by a US-based insurer, Chubb Corporation, in the 1970s.

It is also worth reflecting on the BATs situation: BAT Industries, the maker of 3bn cigarettes a year and owner of booming retailers like Saks Fifth Avenue in the US, or Argos in the UK, bought Eagle Star in 1984.

One reason must surely be that it believed that the marketing expertise typical of a *branded consumer products* group was lacking in the insurance industry — but could pay dividends. Eagle Star's introduction of a neatly packaged *group of* unit trusts, colour coded according to the degree of investment risk, may be the sign of further things to come.

Benlox to press on with Nolton demerger

By Philip Coggan

Benlox's plans to "demerge" Nolton, the mini-conglomerate, are set to go ahead, now that the civil engineering and invest*ment dealing group has passed* the 75 per cent acceptance level for its £18m bid.

Benlox wants to sell off all except the house-building and construction *activities* of Nolton. It is being advised by Ifincorp, Earl, the financial services group behind previous demerger bids for Extel and London & *Northern.*

Mr Andrew Millar, Benlox's chairman, will thus be making a speedy return to Nolton, where he resigned the chair*manship in February.*

Benlox has received acceptances from holders of 14.4m shares or 63.1 per cent and it owned a 12.37 per cent stake *before* the announcement of the bid. The offer—seven Benlox shares for every six in Nolton or 61p in cash—remains open until August 27.

Lloyds extends estate agency network

Black Horse Agencies, the wholly-owned subsidiary of Lloyds Bank, which is one of the country's largest estate agencies, is buying Hennings, based in Devon.

Hennings, which has 16 offices, extends the total number of Black Horse offices to 410.

Bulgin stake

A. F. Bulgin, an electrical *and electronic components company* whose shares have recently advanced strongly on speculative interest, has disclosed that a C. J. Slinn bought 100,500 of its *ordinary stock*, representing just over 5 per cent of the ordinary equity.

A week earlier the company reported that a Liechtenstein-based *company* called *Ogata* had bought a 5.47 per cent stake. The Bulgin family holds a controlling interest in the equity.

FT Share Information

The following securities have been added to the Share Information Service:—

Babygro (Section: Stores). Caldden Group (Engineering). Colorvision (Stores). Economic Forestry (*Industrials*). Gardner (J.) (Third Market). Hey & Croft (Buildings). Lynx Technology (Third Market). Palmerston Investment Trust (Property). Redland Capital 7½pc Conv. (Buildings). S.E.P. Industrial (Industrials). Tranwood Group Warrants (*Industrials*).

Placing raises £25m for investment in Portuguese market

BY RICHARD TOMKINS

AN OFFSHORE investment company specialising in Portuguese securities is about *to be launched by stockbrokers,* Hoare Govett.

The Portugal Fund Limited, which will be based in Jersey, is believed to be the first UK investment company *dedicated* to the Portuguese markets. It will invest not only in Portuguese companies' shares, but also in Government securities and money market *instruments.*

Hoare Govett is placing 4m shares in the company at $10.58 a share, so raising net proceeds of $40m (£25m) for investment. The shares will be listed on the London Stock Exchange, where dealings are expected to begin on August 28.

The Portuguese stock *markets*, comprising the *Lisbon*, Oporto and unofficial markets, are still very small with a total capitalisation *of just $6.4bn*—of which the three largest com*panies account for about 50 per* cent.

However, activity has taken off in the wake of Portugal's admission to the EC in January *1986, and the programme of* reforms announced by the newly-elected Social Democratic government. The index compiled by Banco Totta and Acores rose *from 573.8 to 1,202* in 1986, and had soared to 3,081.7 by August 6 this year.

The fund will aim for capital growth rather than income return. *The investment* advisers will be Lloyds Bank Fund Management, in conjunction with Companhia de Investimentos e Servicos Financeiros, one of *the three largest invest*ment companies in Portugal.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those *of last year's* announcements except where the forthcoming board meetings (indicated thus *) have been officially notified. Dividends to be declared *will not necessarily be at the amounts in the column headed* "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
*BAT Inds	Sept 1	Interim 5.5	*Prudential	Sept 9	Interim 10.0
*BICC	Sept 9	Interim 3.5	RTZ	Sept 15	Interim 7.0
STR	Sept 10	Interim 3.5	Reckitt and Colman	Sept 17	Interim 6.75
Blue Circle	*Aug 27*	*Interim 6.0§*	Rolls-Royce	Sept 10	Interim due
Booker	Sept 9	Interim 4.75	Rowntree	Sept 11	Interim 4.4
Bowater Inds	Sept 11	Interim 4.0	**Royal Ins*	*Aug 13*	*Interim 10.5*
British Aerospace	Sept 10	Interim 6.4	*Sedgwick	Sept 4	Interim 4.0
BP	Aug 28	Interim 12.0§	Shell Transport	Sept 11	Interim 13.5
Burmah Oil	Sept 11	Interim 4.5	Simon Eng	Sept 18	Interim 2.7
Cadbury Schweppes	Sept 4	Interim 1.8	*Smith (W. H.)	Aug 19	Final 4.0
*Cons Gold	Sept 15	Final 16.0	*Standard Chartered	Aug 19	Interim 12.5
*Costain	Sept 18	Interim 7.0§	Stewart Wrightson	Sept 18	Interim 4.2
Dalgety	Sept 18	Final 7.5	Sun Alliance	Sept 3	Interim 7.5
*De Beers	Aug 18	Interim 20c	Sun Life	Sept 17	Interim 10.4
Fisons	Sept 16	Interim 2.88§	*Taylor Woodrow	Sept 1	*Interim 2.25*
General Mining	Sept 11	Interim 80c	*Turner and Newall	Sept 9	Interim 2.5
**Guardian Ryl Exchange*	Sept 2	Interim 10.0	United Biscuits	Sept 17	Interim 3.5
*Gold Flds SA	Aug 18	Final 10.5c	Wms Hldgs	Sept 1	Interim 5.0
**Hillsdown*	Sept 2	*Interim 1.45*	Wimpey (George)	Sept 9	Interim 1.0
*Ibstock Johnsen	Sept 8	Interim 1.75	Woolworth	Sept 17	Interim 5.0
*Jaguar	Aug 18	Interim 3.3			
*Ladbroke	Aug 27	Interim 5.5			
*Marley	Aug 27	Interim 1.4			
*Pearl	Aug 26	Interim due			
*Pearson	Aug 17	Interim 5.0			
P & O	Sept 3	Interim 7.5			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

COMPANY NEWS IN BRIEF

OCTOPUS Publishing Group: Mr Paul Hamlyn, the chairman, will be retaining a 4.46 per cent beneficial and a 1.32 per cent non-beneficial stake *in* Reed International, following the latter's purchase of Octopus.

BSR International is buying Brandenburg Holdings for £1.09m, to be satisfied by the issue of 943,276 new 10p ordinary shares. Brandenburg manufactures a range of high-voltage *power supplies*, invertors and test equipment. In the year to June 30 1987 it had sales of more than £3m.

HARVARD SECURITIES, the UK's largest over-the-counter securities market-maker, has taken a 6.8 per cent stake in Allied Insurance, the Third Market insurance broker. Mr John Hargreaves, Allied Insurance company secretary, said the group was satisfied that the stake wase for investment purposes only. He said the board had been in informal contact with Harvard for some time and that an approach was unlikely.

HUGHES FOOD GROUP: Company is to acquire Laurel Farm *Chilled Foods for an* initial consideration of approximately £450,000. Further consideration up to a maximum of £1.25m (inclusive of the initial consideration) *will be payable* dependent on profitability in each of the years to March 31 1989. Consideration will be payable in cash or shares at the vendors' election.

HONORBILT is buying Emperor *Fashions* for a maximum £1.6m. The £75,000 initial payment will be satisfied by the issue of *shares* with further profit-related payments. The vendors have warranted profits for the year to August 3 1988 of not less than £100,000.

HAMBRO GROUP has acquired 55 per cent of Network Security Management for £1.65m. The remaining 45 per cent of the *shares are in the hands of the* Network management team.

MACARTHY (wholesale and retail chemist) said agreement *has been reached on the terms* of a recommended offer to be made on behalf of itself for Ridley (wholesale chemist). Macarthy has received an undertaking *to accept the offer* in respect of 96,186 ordinary of Ridley, representing 56 per cent. The offer will be 500p in cash for each ordinary of Ridley, and *places a value on Ridley of* £855,275. A share alternative is being made available on the basis of one new Macarthy share for each 497p of cash consideration.

INTERNATIONAL BUSINESS COMMUNICATIONS has acquired Scot Press, publisher of Banking Technology, for an initial consideration of £250,000 consisting *of cash and 13,514* ordinary shares in IBC. The balance will be calculated on the basis of the magazine's profits, but the total is not expected *to exceed £550,000.*

VSEL CONSORTIUM has acquired Topexpress, a Cambridge-based company engaged in advanced applied research in engineering and the physical sciences. The consideration is 730,425 ordinary shares of £1 in VSEL, for which listing permission has been sought from the Stock Exchange. VSEL was privatised in 1986 and is the premier UK warship building company and sole British builder of nuclear and conventional submarines.

BOARD MEETINGS

TODAY

Interims: BSR International, Blagden Industries, Pearson, Unilever.

Finals: Calcutta Electric Supply, Lawrie.

FUTURE DATES

Interims:

Barr & Wallace Arnold Trust	Aug 28
Bemrose	Sept 22
Blackwood Hodge	Sept 7
Church & Co	Aug 28
Costain	Sept 8
Dewhirst (I. J.)	Aug 24
Jones (A.)	Aug 28
Sedgwick	†Sept 4
Woodhouse and Rixson	Aug 18

FINANCIAL TIMES STOCK INDICES

	August 14	August 13	August 12	August 11	August 10	August 7	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs.	87.03	86.48	86.56	86.26	86.12	85.94	93.32	84.49	127.4	49.18
Fixed Interest	94.31	94.32	94.74	95.96	96.24	96.26	99.12	90.23	150.4	50.53
Ordinary	1785.3	1778.6	1775.2	1772.4	1742.6	1726.9	1926.2	1320.2	1926.2	49.4
Gold Mines	416.2	498.3	446.0	444.4	453.5	462.4	497.5	288.2	734.7	43.5
FT-Act All Share	1165.95	1161.26	1160.04	1153.15	1135.45	1129.44	1238.57	835.48	1238.57	61.92
FT-SE 100	2295.4	2290.3	2286.1	2275.4	2242.2	2226.2	2443.4	1674.5	2443.4	986.9

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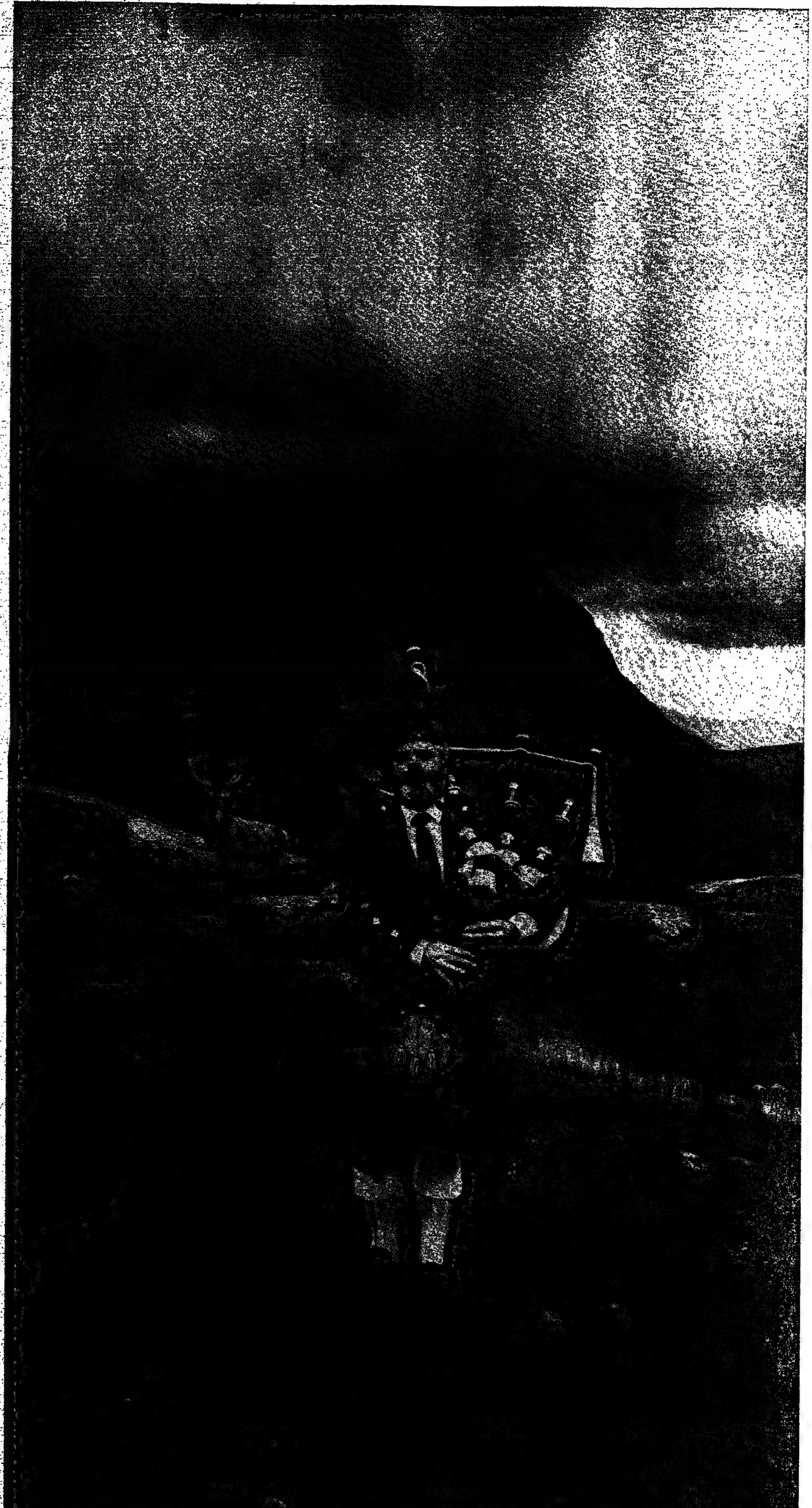


WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY AUGUST 14 1987					THURSDAY AUGUST 13 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	157.82	+0.5	147.15	148.26	2.43	156.96	147.29	147.93	157.82	99.92	76.90
Austria (16)	95.26	+0.1	88.82	92.69	2.22	95.12	89.25	93.15	101.62	85.53	90.72
Belgium (48)	131.17	+0.4	122.31	126.81	3.71	130.68	122.62	127.30	133.44	96.19	87.87
Canada (129)	140.64	−0.8	131.14	135.60	2.15	141.78	133.03	136.49	141.78	100.00	98.41
Denmark (39)	111.35	+1.1	103.83	109.27	2.52	110.09	103.30	108.89	124.10	98.18	94.93
France (121)	106.95	+2.3	99.72	105.19	2.67	104.51	98.07	103.33	121.82	98.39	93.81
West Germany (92)	102.08	+1.6	95.18	99.53	1.89	100.43	94.23	98.50	102.08	84.00	91.77
Hong Kong (45)	141.34	+0.3	131.79	141.73	2.57	140.97	132.28	141.36	142.69	96.89	77.39
Ireland (14)	139.95	+1.1	130.49	138.14	3.23	138.43	129.90	137.56	145.41	99.50	91.39
Italy (76)	87.48	+0.6	81.57	88.82	2.04	86.95	81.59	88.80	112.11	84.74	99.69
Japan (458)	141.13	+0.5	131.60	133.73	0.50	140.46	131.80	134.47	161.28	100.00	99.57
Malaysia (36)	188.94	−0.8	176.18	184.98	2.02	190.55	178.80	186.81	193.64	98.24	84.24
Mexico (14)	294.25	+0.5	274.37	463.92	0.64	292.70	274.65	461.63	309.34	99.72	65.12
Netherland (38)	129.15	+0.3	120.42	124.67	3.53	128.75	120.81	124.99	129.15	99.65	96.61
New Zealand (26)	117.78	+2.1	109.82	107.23	2.74	115.35	108.23	106.30	117.78	83.93	70.71
Norway (24)	170.77	+0.0	159.23	158.43	1.71	170.84	160.31	159.25	170.84	100.00	98.15
Singapore (27)	173.59	+0.5	161.86	168.19	1.47	172.74	162.09	167.60	174.00	99.29	88.45
South Africa (61)	168.29	−6.1	156.92	133.81	3.26	179.19	168.14	135.10	198.09	100.00	81.93
Spain (43)	142.05	+0.9	132.45	137.21	2.87	140.85	132.16	136.74	144.48	100.00	93.97
Sweden (33)	125.53	+1.5	117.05	121.16	1.90	123.70	116.07	120.18	125.53	90.85	97.08
Switzerland (53)	106.61	+1.8	99.40	102.97	1.60	104.76	98.30	101.81	106.61	92.01	89.91
United Kingdom (335)	149.03	+1.0	138.96	138.96	3.16	147.53	138.43	138.43	162.87	99.65	96.53
USA (590)	136.31	−0.1	127.10	136.31	2.68	136.47	128.05	136.47	136.47	100.00	103.25
Europe (932)	123.72	+1.2	115.36	118.51	2.75	122.28	114.74	117.84	128.35	99.78	94.83
Pacific Basin (686)	141.77	+0.5	132.19	134.48	0.65	141.09	132.39	135.14	158.77	100.00	97.92
Euro-Pacific (1618)	134.61	+0.7	125.52	128.12	1.42	133.63	125.39	128.25	143.65	100.00	96.70
North America (719)	136.54	−0.2	127.31	136.29	2.66	136.75	128.32	136.49	136.75	100.00	103.00
Europe Ex. UK (597)	108.02	+1.3	100.72	105.82	2.39	106.61	100.04	105.06	108.64	98.02	93.84
Pacific Ex. Japan (228)	149.61	+0.5	139.51	143.50	2.43	148.84	139.66	143.14	149.61	99.92	77.27
World Ex. US (1822)	135.30	+0.6	126.15	128.69	1.47	134.51	126.22	128.86	143.38	100.00	96.57
World Ex. UK (2077)	134.34	+0.2	125.26	130.97	1.81	134.03	125.77	131.21	134.34	100.00	99.43
World Ex. So. Af. (2351)	135.43	+0.4	126.28	131.65	1.93	134.94	126.62	131.81	135.43	100.00	99.27
World Ex. Japan (1954)	133.05	+0.2	124.06	130.68	2.68	132.75	124.57	130.57	133.05	100.00	98.97
The World Index (2412)	135.64	+0.3	126.48	131.71	1.94	135.22	126.89	131.87	135.64	100.00	99.17

Base values: Dec 31, 1986 = 100

Latest prices were unavailable for this edition.

CONSTITUENT CHANGES: Deletions: Campbell Red Lake, Dome Mines and Placer Development (Canada). Names changes: Saint Louis-Bouchon to Saint Louis (France), Ahold to Ahold (Koninklijke) (Netherlands) and Agricola Finanziaria to Ferruzzi Agricola Finanziaria (Italy).

EUROPEAN OPTIONS EXCHANGE

Series		Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Feb 87 Vol.	Feb 87 Last	Stock
GOLD C	$460	70	5	250	25.80	136	34.50	$459.30
GOLD C	$480	98	0.70	48	26	34	24	"
GOLD C	$500	22	0.30	111	11.50B	51	20.90	"
GOLD C	$400	—	—	40	1.50	—	—	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: 58,798

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat. Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'l T'st C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williams Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	10	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶10.4
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	‡10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank. Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	10	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sweeping 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. † Call deposits £1,000 and over 4¾% gross. ¶ Mortgage base rate. § Demand deposit 4.88%. Mortgage 10.5%.

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

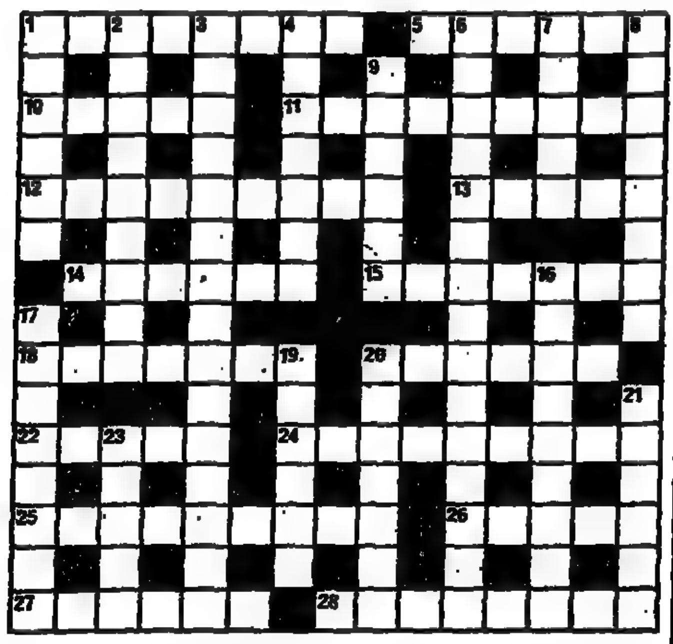
[illegible]

"RIGHTS" OFFERS

[illegible]

FT CROSSWORD PUZZLE No. 6,406

TANTALUS



ACROSS

1 A little money once to get remote object (8)
5 I'd go back in boat to see self-appointed expert (6)
10 Effeminate son pitches tents (5)
11 Walk to factory for cylinder (9)
12 Converted saint to be stubborn (9)
13 Possibly sore about beginner getting parts (5)
14 Wise to take in the Italian fodder (6)
15 Chained rare ant-eater (7)
18 Steer well to boundary (7)
20 Draughtsman rejected payment (6)
22 Some lovely diamonds in Asia Minor! (5)
24 Volunteers pranced awkwardly with entertainer (3-6)
25 He would start something! (9)
26 Raise unit in Army (5)
27 Boy worker floating on the water (6)
28 Alienate displaced Sergeant (8)

DOWN

1 Loud performer has influence (6)
2 Engineers assignment results in pardon (9)
3 Well, you would not need it (15)
4 Lifted can with speed to find fertiliser (7)
6 Feeling this, you may require 3 (5, 3, 7)
7 Military exercise makes doctor unwell (5)
8 Charm the first wild animals (8)
9 It's hard to divide quarter (6)
16 Management aim (9)
17 Airmen go up to Leo with an onion (8)
19 Having made a will, doesn't start with landed property (6)
20 Gives an account about drinks (7)
21 Twist in pain and turn whiter (6)
23 Believer of French is German! (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2860

American Growth	119.9	126.8	-0.1	0.83
(Accum Units)	125.5	132.7	-0.2	0.83
British Blue Chip Fund	53.1	56.1	+0.8	2.53
(Accum Units)	53.1	56.1	+0.8	2.53
American Sm Cos Fd	56.6	59.8	-0.2	0.42
(Accum Units)	56.6	59.8	-0.2	0.42
American Income	54.9	58.0	+0.3	3.73
(Accum Units)	59.9	63.3	+0.3	3.73
European Growth	156.8	165.9	-0.6	2.51
(Accum Units)	163.8	173.3	-0.6	2.51
European Income	84.8	89.7	-0.2	3.53
(Accum Units)	89.0	94.1	-0.2	3.53
General	379.5	401.4	+6.1	1.29
(Accum Units)	630.3	666.9	+10.1	1.29
Gilt	86.6	89.0	+0.4	7.55
(Accum Units)	105.4	105.9	+0.5	7.55
Global Fund	53.0	56.0	-0.2	0.66
(Accum Units)	53.0	56.0	-0.2	0.66
High Interest Fund	44.6	47.1	+0.1	9.68
(Accum Units)	44.9	47.5	+0.1	9.68
High Income Fund	53.6	56.7	+0.4	5.22
(Accum Units)	54.5	57.4	+0.5	5.22
Income	127.2	134.6	+1.6	3.27
(Accum Units)	145.9	154.3	+1.1	3.27
International	315.3	333.4	+0.0	1.06
(Accum Units)	394.6	417.5	+0.1	1.06
Japan	211.4	223.7	-0.8	0.34
(Accum Units)	217.0	229.6	-0.9	0.34
Pacific Fd	61.2	64.7	+0.1	0.30
(Accum Units)	61.2	64.7	+0.1	0.30
Recovery	310.6	337.3	+3.3	1.47
(Accum Units)	346.4	366.5	+3.6	1.47
UK Smaller Cos Fd	55.0	58.3	-0.2	1.85
(Accum Units)	55.4	58.6	+0.3	1.85
Exempt	54.9	56.3	-0.2	0.34
(Accum Units)	555.6	567.7	----	2.38

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Aug 12	642.0	650.0	----	1.87

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 451144

UK Income Fund	63.6	67.6	----	4.44
Accum Units	63.6	67.6	----	4.44
UK Growth Fund Acc	63.7	67.7	+0.4	1.48
Global Income Fund	50.7	53.9	+0.2	3.71
Accum Units	50.7	53.9	+0.2	3.71
Global Growth Fund	50.8	54.0	-0.1	0.46

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	118.6	126.2	+1.2	1.02
PM Income and Growth	105.2	112.0	+1.0	2.82
PM N American Growth	62.7	66.6	+0.6	0.32
PM European Growth	50.5	53.7	....	0.56
PM Japan Growth	72.1	76.7	-0.1	0.95
PM Overseas Growth	59.4	63.1	+0.4	0.42

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3977
Holborn LinkLine 0800 010345

Holborn Comm Tst	82.2	86.9	+0.9	0.36
Holborn Equity Income	74.2	78.9	+0.6	3.28
Holborn Equity Tst	597.9	632.6	+6.5	2.13
Holborn European Tst	124.1	131.3	-0.4	.63
Holborn Gilt Tst	208.7	217.7	+1.3	2.19
Holborn High Inc Tst	90.3	95.5	+0.6	4.52
Holborn Intl Grth Tst	126.8	134.1	+0.8	0.65
Holborn Japanese Tst	135.9	143.8	-0.3	0.04
Holborn N. Amer. Tst	103.1	109.0	+0.5	.44
Holborn Sm Cos Tst	80.7	85.3	+0.5	1.36
Holborn Spec Sits Tst	106.3	112.4	+1.4	1.3
Holborn UK Growth Tst	118.8	125.7	+1.2	1.49

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	675.2	714.5	+20.2	1.37
Quadrant Income	333.4	352.9	+10.9	3.77
Quadrant Intl. Fund	470.5	497.9	-0.4	1.00
Quadrant Spec. Sits	474.1	501.7	+24.7	1.92

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	246.8	262.5	+3.8	2.30
Reliance Unit Tst (Inc)	169.6	180.5	+2.0	1.46
Reliance UK Tst (Acc)	228.2	242.8	+2.7	1.46

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internatl. Growth Trust	53.9	56.7	+0.3	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-626 [illegible]

NC America (Inc)	346.5	368.6	+1.7	0.75
NC America (Acc)	382.9	406.6	+1.8	0.75
NC Inc Fd	127.4	135.5	+7.4	2.75
NC Japan Fd	212.5	225.0	+0.9	0.0
NC Major UK Cos Fd	71.9	76.4	+1.1	1.72
NC Smllr Australasian	93.7	99.6	----	0.38
NC Smllr Canadian CoFd	52.1	55.4	+0.5	0.88
NC Smaller Cos	209.1	222.6	+12.7	[illegible]

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	453.1	476.9	----	—
Property	282.2	297.1	----	—
Equity	571.0	601.0	----	—
Gilt Edged	352.1	370.6	----	—
Deposit	205.3	216.1	----	—
Investment	242.5	254.7	----	—
International	451.9	475.7	----	—
Pension Fund Prices				
Managed Init.		317.7	----	—
Do. Accum.		389.9	----	—
Property Init.		244.1	----	—
Do. Accum.		299.5	----	—
Equity Init.		429.9	----	—
Do. Accum.		526.8	----	—
Gilt-Edged Init.		224.5	----	—
Do. Accum.		275.5	----	—
Guaranteed Init.		158.3	----	—
Do. Accum.		194.4	----	—
International Init.		545.1	----	—
Do. Accum.		668.4	----	—
Index Lk. Gilt Init.		135.7	----	—
Do. Accum.		166.4	----	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	312.9	+0.1	—
Property Pens.	416.0	+0.2	—
Equity	198.0	-0.1	—
Equity Pens.	894.8	-1.0	—
Money Market	299.9	-0.1	—
Money Mkt. Pens.	539.0	-0.2	—
Deposit	237.8	+0.1	—
Deposit Pens.	379.3	+0.1	—
Managed	296.9	-0.2	—
Managed Pens.	571.3	-0.8	—
Intl. Equity	363.7	-0.8	—
Do. Pens.	591.3	-1.9	—
Intl. Managed	390.0	-0.6	—
Do. Pens.	492.6	-1.4	—
North American	143.0	+0.9	—
Do. Pens.	167.7	+1.5	—
Far East	314.3	-0.3	—
Do. Pens.	456.5	-0.4	—
Intl. Currency	171.5	+0.0	—
Do. Pens.	222.5	+0.0	—
Index Linked	128.7	-0.9	—
S & C Managed Fd	142.1	-0.6	—
S & C Pens Mngd Fd	116.2	-0.8	—
Bell Chambers	129.7	+0.1	—
Lowe & Lowe	114.6	-0.2	—

National Provident Inst.—Contd.

Far East Initial	500.4	526.8	-0.8	—
Far East	599.2	630.8	-3.3	—
Prop. Initial	141.6	149.1	+0.3	—
Prop.	169.6	178.6	+0.4	—
Fixed Int. Initial	185.5	195.0	+1	—
Fixed Int.	219.8	231.4	+1.2	—
Indexed Gilt Initial	101.0	106.4	-0.2	—
Indexed Gilt	119.9	126.3	-0.2	—
Deposit Initial	134.9	142.1	----	—
Deposit	163.4	172.1	----	—
NPI Pensions Management Ltd				
Managed Fund	987.6	1005.2	----	—

Prices August 3. Next dealing September 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	58.5	61.6	+0.5	—
Stock Market Mngd Fund	60.6	63.8	+0.5	—
Equity Fund	64.8	68.2	+0.8	—
International Fund	58.0	61.1	+0.5	—
European Fund	59.2	62.4	+0.3	—
North American Fund	53.8	56.7	+0.2	—
Pacific Fund	65.3	68.8	-0.3	—
Property Fund	52.0	54.8	----	—
Fixed Interest Funds	48.9	51.5	+0.4	—
Index Linked Sec Fund	45.1	47.5	----	—
Deposit Fund	51.0	53.7	+0.1	—
NUAM Retirement Plans				
Mixed Fund	62.4	65.7	+0.1	—
UK Ordinary Share	73.7	77.6	+0.2	—
International Fund	60.3	63.5	+0.1	—
Property Fund	51.9	54.7	----	—
Fixed Interest Fund	50.1	52.8	-0.1	—
Index Linked Sec Fund	45.1	47.5	-0.3	—
Deposit Fund	53.0	55.8	----	—
NUAM (IRF)				
Managed Fund	802.5	844.8	+7.2	—
Equity Fund	1730.5	1821.6	+24.0	—
Property Fund	323.5	340.6	----	—
Fixed Interest Fund	360.5	379.5	+3.6	—
Deposit Fund	207.9	218.9	+0.2	—
International Fund	150.5	158.5	+0.8	—
Index Linked Sec Fund	45.1	47.5	----	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionmaster* & Unit-Linked Plus*

Fixed Interest Fund	250.7	263.8	----	—
Index-Linked Sec Fund	128.7	135.4	----	—

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
[illegible]	5Nov	Treas. 12pc 1987	[illegible]	27.3	11.96	9.79
25 Jul	26 Jan	Treas 7¾pc 1985-88‡‡	[illegible]	19.6	7.80	9.25
10Nov	10May	Exch 10½pc '88	[illegible]	3.4	10.48	10.07
14Dec	14Jun	Treas 9½pc Cv '88	[illegible]	8.5	9.78	10.13
1Jan	1Jul	Transport 3pc '78-88	[illegible]	26.5	3.10	6.72
25 Apr	25 Oct	Treas. 9½pc '88	[illegible]	19.3	9.58	10.18
22 Aug	22 Feb	Treas 11½pc 1989	[illegible]	16.7	11.30	10.18
18 Oct	18 Apr	Treas 9½pc Cnv 1989	99	12.3	9.60	10.15
15Nov	15May	Treas 5pc 1986-89	[illegible]	8.4	3.22	7.13
14Dec	14Jun	Treas 10½pc 1989	[illegible]	8.5	10.44	10.22
1Feb	1Aug	Exch 10pc 1989	[illegible]	25.6	10.05	10.14
29 Mar	29 Sep	Exch 11pc 1989	[illegible]	20.2	10.85	10.20
15 Apr	15 Oct	Treas 5pc 1986-89	[illegible]	9.3	5.55	8.35
15 May	15 Nov	Exch 10½pcCv '89	[illegible]	8.4	10.10	9.45
15 Jul	15 Jan	Treas 13pc 1990‡‡	[illegible]	8.6	12.23	9.966
12 Aug	12 Feb	Exch 11pc 1990‡‡	[illegible]	16.7	10.78	10.04
22 Sep	22 Mar	Exch. 12½pc 1990	[illegible]	13.2	11.87	10.11
6 Nov	6 May	Treas. 3pc 1990	[illegible]	1.4	3.36	7.42
15 Dec	15 Jun	Treas 8¼pc 1987-90‡‡	[illegible]	1.5	8.52	9.49
25 Apr	25 Oct	Treas. 10pcCv 1990	[illegible]	29.3	10.04	10.24
22 May	22 Nov	Exch 2½pc 1990	[illegible]	15.4	2.88	7.081
10 July	10 Jan	Treas 11¾pc 1991	[illegible]	3.6	11.24	10.11
5Oct	5Apr	Funding 5¾pc '87-91‡‡	[illegible]	2.3	6.57	8.92
13 Nov	13 May	Treas. 3pc 1991	[illegible]	6.4	3.40	7.39
12Jan	12July	Treas 10pc Cv '91 ‡‡	[illegible]	5.6	9.84	9.49
25Apr	25Oct	Exch. 11pc 1991	[illegible]	19.3	10.67	10.06
—		Treas. 8pc 1991 (20pd)e	[illegible]	—	8.23	8.78
22Jly	22Jan	Treas 12¾pc 1992‡‡	[illegible]	5.6	11.66	10.05
21Aug	21Feb	Treas 10pc 1992	[illegible]	15.7	10.00	9.98
13Oct	13Apr	Treas. 8pc 1992 ‡‡	[illegible]	—	8.15	8.47
7 Mar	7 May	Treas 10½pc Cv 1992‡‡	[illegible]	1.3	10.31	9.98
—		Treas. 3pc 1992	[illegible]		3.50	6.46
Five to Fifteen Years						
25 Feb	25 Aug	Exch. 12¼pc '92	[illegible]	20.7	11.79	10.04
22Mar	22Sep	Exch 13½pc 1992	[illegible]	13.2	11.93	10.10
15Oct	15Apr	Treas 10pc 1993‡‡	[illegible]	9.3	10.00	9.99
14Jan	14Jul	Treas 12½pc 1993‡‡	[illegible]	8.6	11.33	10.10

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

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LONDON SHARE SERVICE

AMERICANS—Continued

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
Oc Ja Ap Jy	Sara Lee $1	29¼xd	24.12	$1.00	—	2.1
Mr Je Se De	Seal (B. F.) $1	11⅞xd	26.6	20c	—	1.1
Fb My Ag No	Southwestern Bell $1	26½	7.7	k$2.32	—	5.4
—	Staley Continental	18⅝	—	80c	—	2.6
	Sun Co. Inc. $1	41xd	5.8	$3.00	—	4.5
Mr Je Se De	TRW Inc. $0.625	42¼xd	11.8	k$1.60	—	—
Mr Ju Se De	Tenneco $5	34xd	11.8	$3.04	—	5.5
Mr Je Sp De	Do. 10pcLn.Stk. 91-6	197½xd	24.11	10%	—	5.1
June Dec	Texaco $6.25	27⅞xd	31.7	$3.00	—	6.7
Mr Je Se De	Time Inc. $1	72⅛	22.8	$1.00	—	0.8
Mr Ju Se De	Tracor $0.33	14	16.9	40c	—	1.8
Ja Ap Jy Oc	Transamerica $1	28¾	30.6	$1.76	—	3.8
Ja Ap Ju Oc	Transworld Corp $5	14¼	01.11	20c	—	0.9
Fe My Au No	TRINOVA Corp.	40⅞xd	11.8	k$1.00	—	1.3
Mc Je Se De	USX $1	24¼	30.10	$1.20	—	3.0
Mr Je Se De	Union Carbide $1	17⅞xd	4.8	$1.50	—	3.1
Ag Nv Fb Ja	Utd. Technologies	36⅞	19.5	$1.40	—	2.3
Mr Jn Sp De	US West	35¼	13.4	$3.28	—	5.7
Fb My Ag No	Waste Management $1	29½	—	—	—	—
—	Whirlpool $1.0	£24¾	—	—	—	—
Mr Je Se De	Woolworth $3½	37	19.11	$1.32	—	2.2

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

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LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- §§ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	91	.....	Fin. 13% 97/02	£103¾	.....
Craig & Rose £1	550xc	+50	Arnotts	375	.....
Finlay Pkg. 5p	117	.....	CPI Hldgs.	85	.....
Holt (Jos) 25p	1003	.....	Carroll Inds.	170	+9
IoM Stm. £1	136	−2	Dublin Gas	15	.....
			Hall (R. & H.)	130	−5
IRISH			Heiton Hldgs.	50	+2
Fund 11¼% 1988	£100⅞	+⅛	Irish Ropes	190	−3
Nat. 9¾% 84/89	£97¾	.....	Unidare	440	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

MANAGEMENT

Tim Fiducia: expansion in Hong Kong is creating difficulties for others

How Capel put on a sprint in Hong Kong

David Dodwell on the stockbroker's aggressive strategy in the colony

JAMES CAPEL, one of the longest-established and most prestigious stockbroking firms in London, has in the past two years taken Hong Kong by storm.

It has not been alone, but in the eyes of many, it has set the pace during a period when daily stock market business has quadrupled to over HK$1bn (£82m) a day, and the community of securities dealers has grown by 20 per cent.

"Our costs here have absolutely exploded of course, but so have the profits," says Tim Fiducia, who heads James Capel in Hong Kong.

Contrary to the assumption of many, expansion has not come as a result of the group's takeover by the Hongkong and Shanghai Banking Corporation early last year, but has instead resulted from a determined effort to internationalise a group that faced the risk of being isolated by its dependence on the UK.

Capel's aim has been to export its successful UK formula of research-based agency broking. It is as yet uncertain whether it has succeeded, though the support provided by the parentage of the Hongkong Bank will certainly help.

"It took 10 years to build up in the UK, and we only started our research department here two years ago," says Fiducia. From a tentative 18-man operation in 1984 the group now has 180 staff in Hong Kong, and is bulging out of its offices high in Exchange Square.

Today, it accounts for about 10 per cent of local stock market business, bases a substantial regional operation from its Hong Kong office, and accounts for about 40 per cent of the group's worldwide profits. In 1984, it contributed nothing.

"Capel's expansion has really created difficulties for the likes of us," comments Philip Tose, long-standing head of Vickers da Costa in Hong Kong, which is now part of the US bank, Citicorp. He complains not about any loss of market share, but about analysts and salesmen being poached, and about rocketing salary costs.

Long-standing leaders in Hong Kong's securities market—like Vickers, W. I. Carr, or Hoare Govett—have had more than James Capel to complain about in the recent past. A booming local stock market, coupled with growing interest in the Japanese securities markets has brought a veritable army of new brokers into the British territory.

From a total of 1,358 individual and corporate dealers in Hong Kong at the beginning of 1986, a further 273 dealers had been registered by the end of May this year, many of these being international brokerages with strong bank backing.

James Capel is for many a symbol of heightening competitive pressures that could easily trigger a shakeout if and when a slump occurs. Even staff at James Capel were complaining recently of pressures being caused by a newly-arrived stockbroker that was offering local graduates just two years out of university a starting salary of HK$35,000 a month.

James Capel's early experiences in Hong Kong were anything but happy ones: "My five predecessors were fired," recalls Fiducia. "We came into the market in a blaze of glory in 1973 at the top of the market, and were mauled when it collapsed. It was a long journey to change the impressions of partners in London about returning to Hong Kong in strength."

Fiducia also recalls that the company had "lost quite a lot of money" in the US market in 1972, "so there was a feeling of caution about any investment overseas."

Growing awareness of the importance of the Japanese market appears to have been the eventual catalyst for a change of heart. This was cemented last June with the acquisition of a 10-man team from D. W. Taylor to make up a new Japan department.

Apart from a 10-person research team, Capel now boasts an investment department, futures department, and bond department as well as a substantial "back office" operation. "All I'm trying to do is replicate London in Hong Kong, giving an international service to clients based here," says Fiducia.

Whether he has succeeded in replicating Capel's heavyweight research reputation in the UK is open to question. Carlton Poon, said to have been poached for more than $1m a year from Vickers da Costa to head its research team, has an impish and cavalier style that would probably perplex anyone looking for painstaking analysis of corporate fundamentals. But his style may be right for a market that is gossipy, rumour-ridden and often moves in defiance of the fundamentals that count for so much more mature markets.

Paradoxically, the desire for uncompromised independence in its research in the UK, which has led it to eschew market making, has left it compromised in Hong Kong. Its new parent, the Hongkong Bank, is with its sister the Hang Seng Bank the largest single constituent of the Hang Seng Index, and has a role in the territory that would in certain respects be that of a central bank in other countries.

Capel's research in Hong Kong occasionally notes in parentheses that it is owned by the Hongkong Bank, but many have suggested that a brokerage linked to a bank that has such a strong vested interest in the prosperity of Hong Kong is hardly likely to be in the vanguard predicting a downturn.

The relationship with the Hongkong Bank has created other problems. The traditional role of Wardley in the Hongkong Bank group as a fund manager and corporate financier has led to overlaps and some friction with Capel.

The recent agreement by Capel to go into a joint venture with the Peking-backed Nanyang Commercial Bank providing advice and training on fund management provided a direct clash that required careful handling by all sides.

Bernard Asher, who heads Wardley in Hong Kong, is sanguine about these overlaps. "You accept within a large group a certain amount of overlap—as long as you are not duplicating capital resources. In Hong Kong we are both drops in the ocean, so what does it matter if we have two names in the market?"

John Bond, one of the executives in the bank most closely involved with the Capel acquisition, shares Asher's views. "Wardley is our flagship vehicle for fund management, but it is often quite a good idea to have two string to your bow."

Overall, the view is that while acquisition by the Hongkong Bank was not in itself a catalyst for growth in Asia, the move has certainly helped.

Feeding into Hong Kong is an increasingly powerful network of international research expertise that makes it difficult to challenge Fiducia's claim to offer a world-wide investment advisory service. The purchase in February of Stanford C. Bernstein, reputed to be the best research-led brokerage in the US, and the link with Rivkin in Australia, give it a scope matched by few.

In East Asia, the group now has a 30-strong branch office in Singapore, an office of seven in Seoul, South Korea, acting under the auspices of the Hongkong Bank, analysts in Thailand, the Philippines and Taiwan.

It has just bought a seat on the Manila Stock Exchange, and is sore at the failure of the British Government to back it for a seat on the Tokyo Exchange.

Fiducia makes no bones about the fact that recent expansion has been costly. "My approach is first to identify a potential market, and then to work out how much a man is going to cost to exploit it. If you are going to earn more than you spend, then I have no hesitation in saying 'let's do it.'"

With full-year figures for the group soon to be published, Fiducia's claims are likely to be vindicated in pounds and shillings. At least 30 per cent of profits are likely to come from the Hong Kong subsidiary, with a further 10 per cent booked through Hong Kong from Japanese operations.

He insists this is not the inevitable by-product of strong stock market performances in most parts of Asia over the past year. "If you are not efficient, it doesn't matter how buoyant the markets are, you won't be making much in profits. This is a reflection of how each department we have added on being very successful."

Fiducia may be right, but many would rather watch performance through the next major bear market before they take his word for it.

Experiencing a hard time with an awkward customer

Michael Skapinker on a training programme with built-in reality

CHOON YEE Liang has had a tiring couple of weeks. The last thing he needs now is a demanding and obstreperous customer. But that is exactly what he has got.

The customer, who runs an insurance company, wants her computer system changed so that she can remove the names of agents who are no longer selling policies. Liang, an employee of the computer services company Electronic Data Systems (EDS), has worked out a way to do that.

He suggests, however, that the system should not eliminate the names of agents who still owe the company money. "I think that's a good idea," the customer says. "But can you do it so that I can also see how much money they owe me?"

Liang looks doubtful. "Perhaps we can discuss that later?" he asks. "No," his customer snaps back. "It sounds fairly easy to me."

Liang tries a bit of bureaucratic obfuscation. "You can turn in a separate customer service request," he suggests. The customer bristles. "Now wait a minute," she says, her voice rising. Liang caves in. "OK," he says. "So you just want to have an indication of the outstanding amount owed? OK."

The customer has a look of quiet satisfaction on her face. "That's what I like about EDS," she purrs. "You can do what I want."

Liang sits down and one of his colleagues begins to explain how EDS will deal with another customer request. The colleague runs into similar problems.

"Don't feel shattered," the difficult customer, Catherine Schaefer, tells them afterwards. "I want you to bear in mind that this is all a learning experience." Schaefer, in fact, is not really a customer at all. She too works for EDS, helping to train the company's future systems engineers.

The ordeal that Liang and his colleagues have just been through is part of that training. Their encounter with Schaefer occurred during a simulation exercise which requires students to service an EDS computer system which was once used by flood insurance companies in the United States. The system runs at EDS's information processing centre at Woking, alongside systems operated for real customers. The would-be systems engineers communicate with Woking via computer terminals based at the EDS international training centre in Harrow.

Apart from responding to requests from "customers" for changes to the system, the trainees have to deal with bugs deliberately inserted by their instructors. One group, for example, had to correct a fault which had resulted in some insurance agents not receiving their mail. The simulation exercise comes at the end of a 10-week residential training programme in Harrow.

EDS, a subsidiary of General Motors, began running the programme in the UK in 1985. By the end of this year, about 300 trainee systems engineers from Britain, the Netherlands, Belgium, France, Spain, West Germany, Australia, Singapore and Japan will have passed through it. The simulation course, which lasts for two weeks, is preceded by eight weeks of classroom instruction in data processing languages and other computer skills.

> 'We do not have professional educators. The people who teach the classes have actually done the job'

All the students who come to Harrow have already spent up to a year working, under supervision, for a genuine EDS customer. After the course, they undergo a further period of on-the-job training as part of a technical team, developing or maintaining a customer's data processing system. The entire process, from recruitment to becoming a fully-fledged systems engineer, takes between 18 months and two years.

Graham Palmer, who runs the international systems engineering development programme, says that the company only accepts about 10 per cent of those who apply to train as systems engineers. Recruits are hard to find, he says, despite the fact that EDS does not insist that the trainees are computer science graduates.

Palmer says graduates in languages, music and classics can also make good systems engineers. "Languages because of the training in syntax and structure, music because of the structure, and classics because classics and programming both involve unspoken languages," he says.

EDS accepts non-graduates too, people who have already worked in commerce or industry and might be in their thirties. "The young graduates have enthusiasm and energy on their side, whereas the career change people have the ability to manage their time. They also have the motivation that comes from having a last chance to make a new career."

The Harrow training centre does not have a permanent teaching staff. The instructors are temporarily seconded to Harrow from other parts of EDS and are then themselves trained in presentation techniques. "We don't have professional educators. The people who teach the classes have actually done the job," Palmer says.

The students at Harrow give the training course high marks, although some of them point out that the circumstances in which they make their presentations to the "customer" are inevitably somewhat artificial. A few, in their dealings with Catherine Schaefer, appeared more concerned with proving that they have managed to master the technical aspects of the system than with making sure the customer is satisfied. "Because we know she knows the answers, she has got a bit of an unfair advantage," one of the trainees says.

Spread of orders for Balfour

BALFOUR Beatty Buildings has won £8m contracts in the Midlands, the North of England and Scotland.

Jaguar Cars has placed a contract worth £716,000 for 12 rest rooms in its factory at Castle Bromwich, and has awarded a further contract (at £294,000) for two car parks at the Whitley Engineering Centre in Coventry.

British Rail London Midland region has awarded a £245,000 contract to refurbish the platform awnings at Derby Station.

In Nottingham it is refurbishing the Old Market Square branch of Barclays Bank under a £555,000 contract.

Whitecroft Development has placed a contract for a three-storey block comprising a bank and offices and a two-storey block of shops at Bridge Street, Southport, Cheshire, under a £2.2m contract. A feature of the development is that the shops will be constructed over the River Mersey. Merseyside Development Corporation has placed a £505,000 contract for refurbishment to a dockside transit shed. A contract has been awarded by Manchester Canal and Business Park Co to fit out the recently completed units on the Metroplex Development at Salford, providing internal partitions, finishings and mechanical and electrical services.

At West Riverside, Manchester, the company will undertake a further contract awarded by Ralli Courts (at £277,000) for a three-storey office block.

At Ecclesfield, Sheffield, the South Yorkshire Police headquarters will be built under a £2.7m contract, which includes a part two, part three-storey steel-framed structure on concrete bases. The work includes a gymnasium, boiler house, garages, property store and dog kennels. The contract will be completed by March 1989.

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TILBURY CONSTRUCTION has won a contract, worth almost £3m, to build 49 homes for the London Borough of Lewisham. The 1, 2 and 3-storey dwellings will be contained in ten blocks of traditional construction and will provide accommodation for 4, 5, 6 and 9-person families. Work is due for completion in December 1988.

CONSTRUCTION

Keeping in style in Finsbury Circus

HIGGS AND HILL BUILDING is to undertake construction of an eight-storey office building at Finsbury Circus, London, EC2, for the Hammerson Group and Taisei Europe. The contract, worth over £21m, is for completion to shell and core stage.

The design of the building has presented a challenge to architects Kenzie Lovell Partnership. The interior is required to be ultra modern, complete with dealers' floors, while externally it has to fit in with the historic surroundings of Finsbury Circus. Adjacent is Lutyens House, a grade 1 listed building.

The major visual feature of the scheme will be a "modern classical" Portland stone façade facing Finsbury Circus. The remaining cladding is a mixture of curtain walling to light wells and the atrium, Portland stone and brickwork and some retained façades.

The total area of the new building is about 206,000 sq ft which will provide 148,000 sq ft of useable office and storage space. Car parking is provided for 12 cars at basement level.

In all, eight floors of air-conditioned office accommodation will be provided surrounding, from the first floor upwards, the central atrium.

Demolition of the existing building commenced at the beginning of April and an archaeological dig was carried out within the basement by the Museum of London to check on the extent of any medieval or Roman remains.

Mowlem wins £13m roadworks

A £6.5m contract to improve the A34 south of Newbury between Burghclere and the Litchfield bypass in Hampshire has been awarded to JOHN MOWLEM AND CO. When the 4 mile (6 km) section is completed in late 1988, it will form a key dual carriageway link on the main route from the Midlands to the south coast ports. Mowlem's contract will run from the A34 near Burghclere village to the west of Whitway village and through the eastern edge of Highclere Park as far as Beacon Hill. From Beacon Hill to the northern end of the Litchfield bypass the trunk road will be upgraded by adding a second carriageway on the western side. Work is being carried out for the Department of Transport.

Speed of construction as well as price have won Mowlem a £7.1m contract to build the A35 Dorchester Bypass in Dorset. Work has started, for completion in October next year, nine months ahead of the original programme. This should bring early relief from through traffic to the historic town.

The four-mile-long southern bypass will connect the A35 at Stinsford to the east with Monkey's Jump to the west. A roundabout will connect the new road with the A354 to Weymouth and a flyover will be built over the A352 to Wareham.

The bypass will have a 24-ft-wide bituminous carriageway and a 538-ft, seven-span viaduct will carry it over the River Frome and the surrounding flood plain at St Georges. Twelve other structures will be built and British Rail has already started building a bridge which will allow the Dorchester-Weymouth line to go over the bypass. A major feature of the contract will be landscaping and regrading to blend the new road into the countryside.

Belize airport masterplan

The Government of Belize has approved a masterplan for the development of Belize International Airport, to allow it to accommodate an increase of more than 50 per cent in passenger traffic over the next 10 years.

A new terminal building and control tower, which are estimated to cost £3.5m, are essential elements of the plan, which was developed by a team of consultants led by The Halcrow Airports Group.

The terminal building, designed by Halcrow, will include facilities for airline/passenger administration, security, commerce and customs, as well as general reception areas.

Work on the construction of the priority features is scheduled to start in early 1988.

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London-based SISK CONSTRUCTION (UK) has been awarded contracts worth £6m in the last month. These include the £1.3m construction of high-tech industrial units at Langley Park; £1.2m design and build of the Ipswich Novotel and construction of the Ibis hotel at Luton Airport, worth £652,000. Others are a £2m contract for construction of the Rialto Centre, a leisure complex in Twickenham; and a £430,000 office project for Trollope and Colls.

DIARY DATES

Trade fairs and exhibitions: UK

August 23-25
International Craft and Hobby Fair (04252 72711)
Wembley Conference Centre

August 30-September 1
Scottish Industry and Commerce Trade Fair (0202 767073)
Scottish Exhn Centre, Glasgow

September 2-4
IBM System User Show and Conference (01-808 116). Olympia

September 4-6
Money Show (0895 58431)
Aberdeen

September 6-10
Autumn Gifts Fair (01-855 9901)
Olympia

September 9-11
Offshore Europe Exhibition and Conference (01-549 5831)
Aberdeen

September 9-19
Chelsea Antiques Fair (04447 2514) Old Town Hall, Chelsea

September 14-18
International Welding, Cutting and Metal Fabrication Exhibition —WELDEX (021-705 6707)
NEC, Birmingham

September 20
Antiques Fair (01-883 7061)
Alexandra Palace

September 23-27
Personal Computer World Show (01-486 1951) Olympia

September 26-October 1
Automotive Trade Show (01-235 7000) Earls Court

September 27-30
Creative, Commercial Interiors and Furnishing Exhibition—CCI (01-340 3291)
NEC, Birmingham

September 27-30
Harrogate Fashion Fair (01-637 2400)
Harrogate Exhibition Centre

September 29-October 1
Fashion Fabrex Exhibition (01-385 1200) Olympia

Overseas

August 21-27
International Jewellery and Watches Exhibition—JEWELFAIR (01-464 4129) Singapore

August 22-26
International Autumn Fair (Consumer Goods) (01-734 0543)
Frankfurt

August 28-September 3
International Post and Telecommunications Exhibition—SINOPOSTAL (01-891 6451) Shenzhen

September 1-4
International Industrial Maintenance and Cleaning, Municipal Refuse Disposal and Destruction etc Trade Fair (01-741 4437)
Amsterdam

September 3-6
Specialised Fair for Clocks, Watches and Jewellery—JUWELIA (01-977 451) Vienna

September 6-9
International Exhibition of Sports Goods and Leisure Equipment (01-255 5566) Paris

September 6-12
International Autumn Fair (01-240 7013) Leipzig

September 8-13
International Computer Technology and Communication Equipment Exhibition—TELECOMP (01-486 1951) Beijing

September 21-24
International Hotel and Catering Fair—IGAFA (01-486 1951)
Munich

September 29-30
Display and Incentives Exhibition (Dublin 900600) Dublin

Business and Management Conferences

Current
International Conference and Exhibition on Fish Farming Techniques and Equipment—AQUA NOR '87 (Trondheim 47 7 513322) (until August 18)
Trondheim

September 7-8
IBC: Broadcast radio into the 90s (01-236 4080)
London Press Centre, EC4

September 10
IOD: Expansion through franchising (01-839 1233)
116 Pall Mall, SW1

September 10-11
Financial Times: World Motor (01-621 1355) Frankfurt

September 10
Tolley Publishing Co: Your company pension scheme—time for action (01-680 5682)
London Press Centre, EC4

September 15-16
Euromoney: Short term and medium term financing alternatives (01-236 3288)
St Regis Sheraton, New York

September 16
IBRG: Financial Services—today and tomorrow (01-236 2175)
The Brewery, EC2

September 18
The Economist: The privatisation of the water industry (01-839 7000) Marriott Hotel, London

September 20-22
Meal Bulletin Conferences: Turkey's industrial minerals (01-330 4811) Istanbul

September 21-23
The 3rd International Asia-Pacific Petroleum Conference (Singapore 7349385) Singapore

September 24
Tolley Conferences: Payroll manager's review—first annual updating (01-680 5682)
London Press Centre, EC4

September 29
Information for Energy Group—Energy statistics (01-636 1004)
61 New Cavendish Street, W1

September 29-30
Acquisitions Monthly / Business Research International: How to buy and sell companies (01-637 4383)
Hotel Inter-Continental, W1

September 29-October 2
RMDP: EPoS with EFTPoS congress and exhibition on computers in retailing and distribution (0273 203581)
Barbican Centre, EC2

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Finance

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY
BOARD MEETINGS—
Finals:
Calcutta Electric Supply Corp.
Lawrie
Interims:
BSR Intl.
Blagden Industries
European Assets Trust
Pearson
Unilever
DIVIDEND & INTEREST PAYMENTS—
Canadian Imperial Bank of Commerce Fltg Rate Sub Dbs. 2085 $336.23
Fashion and Gen. Inv. 14.3p
Hasbro 2.25cts.
Homestake Mining 5cts.
Hongkong and Shanghai Bank Fltg Nts $171.26
Malartic Hygrade Gold Mines (Canada) 10cts.
Melville St. Invsts. 0.125p
Mountview Ests. 5p
Norcros 9p
Northumbrian Fine Foods 0.55p
Pacific Dunlop A$ 0.135
Plantation Tst. 0.25p
Sims Catering Butchers 3.2p
Thermal Scientific 2.25p
Warner Communications 10cts.
Willaire Systems 0.1p
TOMORROW
COMPANY MEETINGS—
Country and New Town Props., 416-422 Strand, WC, 12.00
Fuller, Smith and Turner, Griffin Brewery, Chiswick, 11.00
Racal Electronics, Institution of Electrical Engineers, Savoy Place, WC, 11.45.
Stead and Simpson, Fosse Way, Syston, Leicester, 2.30
BOARD MEETINGS—
Finals:
Gold Fields of South Africa
India Fund
Herrburger Brooks
Meat Trade Suppliers
Interims:
De Beers Consolidated Mines
EBC
Impala Platinum
Jaguar
Rentokil
Robinson (Thomas)
Standard Chartered
Unidare
Woodhouse & Rixson
DIVIDEND & INTEREST PAYMENTS—
Equity Consort Inv. Tst. 18.0375p. Dfd. 20.075p
Fleming American Inv Tst. 0.5p
Fuller, Smith and Turner 3.3p
Korea Dev. Bank Nts 2000 $345.88
New Zealand Nts 1997 £110.27
Oil and Natural Gas Commission Fltg. Nts. 1997 $333.09
Priest (Benjamin) 0.575p
Standard Chartered Fltg. Nts 1996 £110.75
Stead and Simpson 2.7p, Do. A N-Vtg. 2.7p
VSEL Consortium 6p
Westpac Baking Fltg. Nts. 1997 $342.52
WEDNESDAY AUGUST 19
COMPANY MEETINGS—
Applied Holographics, Rivenhall Motor Inn, Rivenhall End, Witham, 11.30
FKI Elecs., Holdsworth House, Holdsworth, Halifax, 11.30
Latham (James) Leaside Wharf, Clapton, E. 2.30
Swan (John) New Mart Road, Gorgie, Edinburgh, 3.30
BOARD MEETINGS—
Finals:
Davies (D.Y.)
Hanimex
Smith (W.H.)
Interims:
ASEA
Britannic Assurance
Fife Indmar
Parambe
DIVIDEND & INTEREST PAYMENTS—
British Land, 2.25p
Citicorp O'seas. Fin. Fltg Nts 1991 £109.49
Coles Myer A$0.1
GMAC O'seas. Fin. 14¼pc Nts, 1988 7⅛pc
Habit Precision Eng. 0.8p
Racal Electronics 2.495p
Sanwa Intnl. Fin. Fltg. Nts 1992 $336.23
Swan (John) 9.5p
Woolwich Equitable B. S. Fltg. Nts, 1995 £222.12
THURSDAY AUGUST 20
COMPANY MEETINGS—
Burtonwood Brew., Rake Hall, Little Stanney, Chester, 11.00
Calor, Chartered Accountants Hall, Moorgate Place, E.C., 12.00
Chamberlain Phipps, Manor House, Wood Street, Higham Ferrers, Wellingborough, 2.30
Costed Electronics Intnl., Tromans Solicitors, Fountain Precinct, Balm Green, Sheffield, 11.00
Davis (Godfrey) 68 Regent Street, W., 11.00
Green King, The Barn, Haughley Park, Haughley, Suffolk, 12.00
Thorpac, 20 St. Thomas Street, S.E., 11.30
Whitney Mackay-Lewis, 68 Portland Place, W., 11.30
BOARD MEETINGS—
Finals:
Aerospace Engineering
Genbel Investments
Heath (Samuel)
Interims:
Cattles
Clarke (T.)
Gaskell Broadloom
Isle of Man Steam Packet
Johnson Group Cleaners
Liberty Life Association of Africa
Microvitec
Queens Moat Houses
Task Force
Waterford Wedgwood
DIVIDEND & INTEREST PAYMENTS—
Asscid. Newspapers [illegible]
Burtonwood [illegible]
Caterpillar [illegible]
Chase Manhattan [illegible] $329.95
Denbams Electrical [illegible]
Halifax B.S. [illegible]
Kleinwort Benson [illegible] $99.83
Latham (James) [illegible]
Lloydstrust [illegible]
M. and G. [illegible]
Morgan (J.P.) [illegible] $198.05
Security Pacific [illegible]
Southern [illegible]
FRIDAY AUGUST 21
COMPANY MEETINGS—
Lees (John J.) [illegible] Street, Glasgow [illegible]
Moorgate [illegible] S.W., 11.00
Rothschild [illegible]
BOARD MEETINGS—
Final:
Ransom (William) [illegible]
DIVIDEND & INTEREST PAYMENTS—
Appledore [illegible]
BPB Inds. [illegible]
Beecham [illegible]
Bertam [illegible]
Bisichi Tin [illegible]
Blue Arrow [illegible]
Calor [illegible]
Davis (Godfrey) [illegible]
Exchequer [illegible]
Home Federal Savings and Loan Assoc. [illegible]
Jersey Elect. [illegible]
KLP 1.6p [illegible]
Kode Intnl. [illegible]
Mercury Comm. [illegible]
Northern [illegible]
Pilkington [illegible]
Security Pacific [illegible]
Thorpac [illegible]
Treasury [illegible]
SATURDAY AUGUST 22
DIVIDEND & INTEREST PAYMENTS—
Exchequer [illegible]
Kennedy Smale [illegible]
Lees (John J.) [illegible]
Treasury [illegible]

'Men and matters'

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WORLD STOCK MARKETS

AUSTRIA

1987 High	Low	Aug. 14	Price Sch%
2410	1890	Creditanstalt	2100.00
3300	2460	Goesser	3080.00
13200	123.5	Interunfall	123.50
14,000	7050	Jungbunzlauer	8700
2160	1740	Laenderbank	1950.00
780	565	Perlmooser	695.00
167	108	Steyr-Daimler	127.00
1115	690	Veitscher Mag	850.00

BELGIUM/LUXEMBOURG

1987 High	Low	Aug. 14	Price Frs.
3465	2900	B.B.L.	3465
16000	14850	Banque Gen. Du. L.	14850
15200	14300	Bank Int. A	14300
13175	9000	Bekaert B	12500
6600	3900	Cimem CBR	6600
186	131	Cockerill	185
4600	2700	Delhaize	4580
5500	4685	EBES	5410
2700	1320	Fabrique Nat	1550
1440	926	GB Inno BM	1396
4525	3430	GBL (Brux) L	4330
6850	6080	Generale Bank	6550
9260	6000	Gevaert	8700
9100	6680	Hoboken	8590
4510	3765	Intercom	4235
4900	4040	Kredietbank	4909
13450	10,650	Pan Holdings	13400
14000	9210	Petrofina	13900
1870	1520	Raffinerie Tirle	1820
8000	5000	Royale Belge	6290
4195	3115	Soc Gen Belge	4010.00
16350	10375	Sofina	16300
15550	8270	Solvay	15000
550	185	Stanwick Intl.	550
8550	6280	Tractebel	8450
11950	8900	UCB	11575
5940	5160	Wagons Lits	5940

DENMARK

1987 High	Low	Aug. 14	Price Kr %
970	720	Baltica Skand	970.00
299	248	Cop Handelsbank	248.00
410	280	D. Sukkerfab	293.00
375	309	Den Danske Bank	339
228	160	East Asiatic	184.00
980	805	Forenede Brygg	865
357	226	GNT Holding	235.00
845	695	I.S.S.B. Systems	775.00
575	455	Jyske Bank	468
298	238	Novo Inds.*	240.00
295	243	Privatbanken	259.00
954	675	Sophus Berendsen	920.00
250	149	Superfos	246.00

FINLAND

1987 High	Low	Aug. 14	Price Mkk
260	148.5	Amer	244
56.2	43.75	KOP	54.75
254.5	184	Kone	238
118	85.5	Finnish Sugar	94
213	132.5	Nokia	203
106.5	69	Pohjola 'B'	104.5
37	19	Rauma-Repola	32.5
265.5	137.5	Stockmann 'B'	262
36.75	28.8	UBF 'C'	34.75
169.5	150	Utd. Paper	162
248	155.5	Wartsila (s11)	234.5

FRANCE

1987 High	Low	Aug. 14	Price Frs.
1985	1515	Emprunt 4½% '73	1931
9615	6600	Emprunt 7% 1973	9395
573	446	Accor	468.00
632.5	502.5	Agence Havas	535.00
768	660	Air Liquide	697
3005	2190	Alcatel	2370
868	666	BIC	752
619	518	BNP (Cert. Inv.)	534
3000	2380	Bongrain	2900
5220	990	Bouygues	1208
5200	4150	BSN Gervais	4942
3895	3080	Carrefour	3290
746	572	Club Mediterranee	655.00
1185	627	Cie Bancaire	688
407	321	Cofimeg	336
347	315	CGE	344.70
3150	2360	Damart	2890
545	379	Darty	441
1280	956	Dumez S.A.	1114
1543	1136	Eaux (Cie Gen)	1250
398	314	Elf-Aquitaine	378.50
4230	3219	Essilor	4230
1380	1069	Gen. Occidentale	1116
174.9	84.6	Imetal	174.90
1760	1326	Lafarge Coppee	1650
4053	3154	L'Oreal	3900
2990	2179	Legrand	2745.00
196.5	60	Maisons Phenix	67
2865	2045	Matra S.A.	2215
384	245	Michelin B.	332
1734	1187	Midi (Cie)	1275
2905	2200	Moet-Hennessy	2905
119	65	Moulinex	74
229	152.5	Nord Est	162.50
549	440	Paribas	441.00
1186	993	Pernod Ricard	967.00
849	716	Perrier	845
558	400	Petroles Fra.	440
1678	1132	Peugeot S.A.	1530
810	456	Printemps Au	644
1758	995	Radiotech	1554
3600	2475	Redoute	2962
1925	1401	Roussel-Uclaf	1401
494	390	St. Gobain	494.00
500	435	Sefimeg	456
1560	1140	Skis Rossignol	1200
3640	2850	Telemech Elect	3290
1745	1206	Thompson (CSF)	1260
638	502	Valeo	615.00

SINGAPORE

1987 High	Low	Aug. 14	Price $
2.42	1.25	Boustead Hldgs	2.25
8.45	4.25	Cerebos Pacific	8.40
5.2	3.5	Cold Storage	4.84
17	9.05	DBS	16.60
8.8	6.15	Genting	7.40
6.55	2.58	Haw Par Bros	6.20
5.05	2.71	Hong Leong Fin.	4.90
6.95	2.72	Inchcape Bhd	6.60
4.46	2.74	Keppel Shipyard	4.34
9.05	5.15	Malay Banking	8.30
3.02	1.16	Malayan Utd. Ind.	2.92
1.02	0.39	Multi Purpose	0.80
11.3	8.9	OCBC	10.90
6.3	3.22	OUB	6.15
3.28	1.17	Public Bank	3.08
3.9	1.93	Sime Darby	3.66
14.9	9.25	Singapore Air	14.90
10.3	7.6	Singapore Press	10.30
5.95	3.66	Straits Trading	5.90
4.88	2.82	Tat Lee Bank	4.76
8	4.18	UOB	8.00

GERMANY

1987 High	Low	August 14	Price Dm.
359	280	AEG	359.00
2220	1553	Allianz Vers	2085.00
342.8	239	BASF	336.20
364	274	Bayer	358.00
563	365	Bayer-Hypo	497.00
523	375	Bayer-Verein	499.00
543	390	BHF-Bank	485.00
760	455	BMW	742.00
366	270	Brown Boveri	366.00
312	244.5	Commerzbank	304.00
374	269	Cont'l Gummi	373.00
1220	920	Daimler-Benz	1205.00
579	420	Degussa	549.00
254	200	D'sche Babcock	245.00
790	571	Deutsche Bank	714.00
381	286	Dresdner Bank	365.00
350.5	268	Feldmuehle Nobel	335.00
582	458	Henkel	567.50
1110	612	Hochtief.	713.00
344	240	Hoechst	332.50
136	88	Hoesch Werke	136.00
555	367	Holzmann (P)	447.50
293	201	Horten	250.00
656	507	Hussel	652.00
560	403	Karstadt	545.00
537.5	447	Kaufhof	513.50
200	142	KHD	200.00
163.5	130	Kloeckner Werke	148.00
795	589	Linde	786.00
215.5	122	Lufthansa	212.00
200	148	MAN	200.00
187.5	142	Mannesmann	185.80
1051	740	Mercedes Hld.	1050.50
395	250	Metallgesell	395.00
2700	1550	Muench Rueck	2020
866.5	687	Nixdorf	858.00
1025	815	Porsche	1005.00
203	145	Preussag	203.00
254.5	186	Rhein West Elect.	254.50
346	238	Rosenthal	292.00
691	524	Schering	630.00
747.5	620	Siemens	695.00
142	109	Thyssen	140.80
375	311	Varta	360.00
333	252	Veba	327.50
174.5	139.5	V.E.W.	166.20
486	375	Verein-West	460.00
430	312	Volkswagen	403.00

ITALY

1987 High	Low	Aug. 14	Price Lire
6950	2890	Banca Com'le	2970
715	499	Bastogi-IRBS	501.00
7155	5470	CIR	5470
3650	1752	Credito Italian	1850
17163	10850	Fiat	11095
141200	124650	Generali Assicur	125550
113,925	72000	Italcement	107200
1340	960	La Rinascenti	1030
2968	2182	Montedison	2220
14700	11500	Olivetti	11850
7840	5810	Pirelli Co	5950
5750	4385	Pirelli Spa	4385
4360	3499	Saipem	3630
4895	3326	Snia BPD	3326
35500	27550	Toro Assic	28700

HONG KONG

1987 High	Low	Aug. 14	Price H.K.$
38	17.5	Bank East Asia	37.00
7.55	4.9	Cathy Pacific	7.45
13.8	8.8	Cheung Kong	13.00
27.4	17.5	China Light	26.90
0.98	0.58	Evergo	0.91
16.9	10.2	Hang Lung	16.90
49.5	26	Hang Seng Bank	48.75
7.65	3.9	Henderson Land	7.00
24.8	15.3	Hong Kong China	20.90
11.5	6	HK Electric	9.55
8.3	5.1	HK Land	7.90
11	7.4	HK Shanghai Bank	10.20
15.5	11.3	HK Telephone	13.80
14.7	11.3	Hutchison Wpa	13.90
28.3	17.7	Indust Equity P	25.90
21.3	13.1	Jardine Math	20.60
14.8	8.1	New World Dev	13.80
19.7	9.25	SHK Props	18.00
1.81	1.12	Shell Elec. Mfg.	1.73
25.7	15.5	Swire Pac A	24.80
17.6	8.45	TV-B	17.50
9.9	7.5	Wharf Hldgs	9.55
19.4	8.4	Windsor Ind.	19.00
4.62	3	World Int Hldgs	4.57

NORWAY

1987 High	Low	Aug. 14	Price Kroner
79	57	Aker-Norcem	76.50
215	169	Bergen bank	212.50
442	280	Bergesen B	440.00
225	176	Christiania Bk	219.00
208	148	Den Norsk Credit	193.50
144.5	86.5	Elkem	142.50
161	128.5	Kosmos	145.00
250	170	Kvaerner	245.00
276.5	204	Norsk Data	271.00
263	131	Norsk Hydro	259.00
4705	368	Orkla Borregaard	504.00
386	290	Storebrand	385.00

SWITZERLAND

1987 High	Low	Aug. 14	Price Frs.
13325	8,725	Adia Intl.	13100
862	430	Alusuisse	845
4140	2925	Bank Leu	4140
3150	1,570	Brown Boveri	3150
4020	2,920	Ciba Geigy	4015
2855	2,000	do. (PtCts)	2810
3,840	2900	Credit Suisse	3445
4050	3400	Elektrowatt	4025
1990	1370	Fischer (Geo.)	1800
151,000	111,000	Hoff-Roche (Pt Cts)	148500
15100	11,950	Hoff-Roche 1/10	14925
10100	7,900	Jacobs Suchard	10000
4,130	3275	Jelmoli	3900
1,880	1500	Landis & Gyr	1780
10900	8,625	Nestle	10800
1685	1,110	Oer-Buhrle	1630
2430	2,050	Pargesa Hldg	2400
460	389	Pirelli	430
15125	10,300	Sandoz (Br)	14975
2560	1,550	Sandoz (PtCts)	2560
890	590	Schindler (PtCts)	890
1,750	775	Sika	775
8,950	6010	Surveillance	7190
1490	1,080	Swissair	1465
572	421	Swiss Bank	521
20,300	15200	Swiss Reinsce	18475
2,788	1960	Swiss Volksbk	2400
6,120	4350	Union Bank	5170
7,500	5,800	Winterthur	7000
7,917	5875	Zurich Ins	7550

AUSTRALIA

1987 High	Low	Aug. 14	Price Aust.$
4.5	2.55	ACI Intl.	4.48
3.8	1.8	A.F.P.	3.70
14.5	7.9	Adelaide Steams	8.70
5.14	4.15	Amcor	5.08
4.86	2.8	ANZ Group	4.86
3.67	2.65	Ampol Pet	3.65
3.75	2.6	Ariadne Aust	2.63
4.7	2.7	Ashton	3.92
3.12	2.25	Aust Guarant	2.85
2.2	1.05	Aust Nat Inds	2.16
9.6	7.1	Bell Group	9.40
6.4	4.05	Bell Resources	5.34
2.85	1.67	Bond Corp Hldgs	2.75
6.2	4.35	Boral	6.20
5.7	3.1	B'ville Copper	5.12
11	6.95	Brambles Inds	11.00
1.95	0.85	Bridge Oil	1.83
10.55	7.75	BHP	10.35
1.9	1.2	BHP Gold	1.75
5.5	3.77	Burns Philp	5.50
11.6	6.4	CRA	11.20
4.35	3.55	CSR	3.95
5.8	2.55	Chase Corp	3.60
1.85	0.7	Claremont Petro	1.18
8.18	6	Coles Myer	8.18
5.5	2	Comalco "A"	5.20
0.74	0.16	Consolidated Pet	0.26
3.8	2.05	Costain Aust	3.20
5.4	4	Elders IXL	5.38
3	1.55	Energy Res	2.85
3.38	2.13	Gen Prop Trust	3.32
4.95	3.42	Goodman Fielder	4.72
4.4	2.8	Hardie (J.)	4.35
5.1	2.6	Hartogen Energy	3.30
5.2	2.7	ICI Aust	5.10
6	4.35	Industrial Equity	5.54
0.87	0.38	Jimberlana (50cFP)	0.63
14.06	10	Jones (David)	11.30
1.45	0.85	Kia Ora Gold	1.20
9.8	5.9	Kidston Gold	7.70
17.5	8.4	Lend Lease	17.45
3.65	1.45	MIM	3.53
5.84	3.9	Mayne Nickless	5.74
5.5	3.9	Nat. Aust. Bank	5.50xr
25	17	News	22.70
4.8	3.1	Noranda Pacific	4.70
4.4	1.91	North Bkn Hill	4.25
1.11	0.53	Oakbridge	0.58
5.56	3.5	Pacific Dunlop	5.56
4.5	2.68	Pancont'l	4.50
4.73	3.05	Pioneer Conc	4.65
4.75	2.1	Placer Pacific	4.32
7.4	2.7	Poseidon	7.26
1.7	0.98	Queensland Coal	1.50
7.8	3.85	Santos	7.66
5.5	4.18	Smith (H.)	5.06
89.92	3.16	Thos Natwide	5.78
8.1	5.75	Tooth	8.10
4.05	2.55	Vamgas	4.00
10	3.51	Western Mining	9.80
6.04	4.4	Westpac	6.04
2.68	1.55	Woodside Petrol	2.40
4.1	3.1	Woolworths	3.50
4.4	2.5	Wormald Intl	3.20

NETHERLANDS

1987 High	Low	Aug. 14	Price Fls.
66	55.5	ACF Holding	64.30
100.8	78	AEGON	99.40
112	91.2	Ahold	112.00
174.8	127.3	AKZO	169.60
530	444	ABN	511.00
75.4	58.2	AMEV	68.30
90.5	70	AMRO	87.00
61	48.2	Buehrmann-Tet.	57.80
270	195.5	Dordtche Petroleum	261.70
70	46	Elsevier Ndu	63.50
62	44	Fokker	61.50
53.5	39	Gist Brocades	52.00
198	145	Heineken	196.00
49.8	29.7	Hoogovens	48.00
65.2	48.4	Hunter Douglas	64.80
24	16.6	IHC Caliand	22.50
71.5	59	Int Mueller	70.00
57.4	35.1	KLM	55.60
169.8	133.5	KNP	165.00
81.2	66	Nat Ned Cert.	80.20
197	153	Ned Mid Bank	172.50
197	128.5	Ned Lloyd	178.50
476	380	Oce Grinten	475.00
41.6	34	Ommeren (Van)	40.20
88.9	60	Pakhoed	86.50
56.3	43	Philips	54.00
116	94	Robeco	115.70
146.8	137.6	Rodamco	143.00
109.9	82.8	Rolinco	109.50
52.6	49.6	Rorento	52.20
297.2	207.8	Royal Dutch	290.20
692.3	135	Unilever	153.20
28	22.5	VMF Stork	26.50
97.5	68	VNU	93.50
97.5	73	Wessanen	94.70
140	106.5	Wolters Samsom	125.50

SOUTH AFRICA

1987 High	Low	Aug. 14	Price Rand
4.2	2.75	Abercom	3.00
19.25	14.5	AE & CI	16.50
180	92	Allied Tech.	180
43	33	Anglo Am Coal	36.00
90.75	67	Anglo Am Corp	89.50
413	308	Anglo Am Gold	405.00
25	18.25	Barclays Bank	21.00
27.5	18.9	Barlow Rand	27.00
81.75	65	Buffels	73.50
5.7	2.9	CNA Gallo	5.70
7.4	5	Currie Finance	5.20
52.25	35.75	De Beers	52.00
94.5	66.5	Driefontein	87.75
63	48	Freegold	55.25
88	57	Gold Fields SA	88.00
7.7	4.9	Highveld Steel	7.70
23.5	17	Malcor Hldgs	22.75
8.55	6.2	Nedbank	7.90
20	13	OK Bazaars	18.50
15.5	10	Rembrandt	13.70
63	44.87	Rust Plat	61
35	17.5	Safren	32.00
20	10	Sage Holdings	19.25
25	15.5	SA Brewers	24.00
45	29.75	Smith (C.G.)	44.50
15	7.75	Tongaat Hulett	15.00

SPAIN

1987 High	Low	Aug. 14	Price Pts. %
1680	1275	Banco Bilbao	1595.00
1165	970	Banco Central	1115.00
650	385	Banco Exterior	480.00
630	450	Banco Hispano	606.00
1900	1395	Banco Popular	1766.00
1372	930	Banco Santander	1339.00
1860	1067	Banco de Vizcaya	1860.00
1025	610	Banesto	999.00
870	450	Dragados	810.00
113.2	52.2	Hidrola	85.20
169.2	84.2	Iberduero	129.50
658	375	Petroleos	631.00
253	146.5	Telefonica	240.00

JAPAN

1987 High	Low	Aug. 14	Price Yen
4100	1890	Ajinomoto	3520
1,990	1020	All Nippon Air	1950
2840	1320	Alps Electric	2830
1280	770	Asahi Chemicals	1230
2180	1310	Asahi Glass	2020
1900	1040	Bank Tokyo	1600
1240	602	Bridgestone	1210
694	545	Brother Inds.	657
1220	691	Canon	1210
1410	861	Casio Computers	1400
2010	1340	Chugai Pharm	1950
2120	1190	Daiei	2120
4160	1950	Dai Ichi Kan Bank	3180
822	603	Dai Nippon Ink	820
2400	1700	Dai Nippon Ptg	2260
2630	1760	Daiwa House	2570
3930	1750	Daiwa Sec	2970
2380	1710	Eisai	2210
6660	386	Fanuc	6540
4220	2860	Fuji Bank	3250
4970	2730	Fuji Film	4970
2360	1750	Fujisawa	2320
1400	700	Fujitsu	1400
2070	479	Furukawa Elect	751
3170	2230	Green Cross	3160
2230	1600	Heiwa Real Est	1900
1380	860	Hitachi	1380
2080	1500	Hitachi Credit	1700
1790	1140	Honda	1740
5400	2560	Indl Bank Japan	3980
769	406	Ishikawajima Ha	626
434	310	Isuzu Motors	425
1030	675	Itoh (C)	703
4300	3210	Ito Yokado	4260
16800	1200	JAL	14400
1780	1050	Jusco	1690
2130	1460	Kajima	1740
2180	1650	Kao Soap	2180
287	175	Kawasaki Steel	284
3090	1600	Kirin	2570
349	156	Kobe Steel	258
690	474	Komatsu	675
950	571	Konishiroku	870
678	348	Kubota	605
1340	998	Kumagai	1100
6620	3560	Kyoto Ceramic	6620
620	440	Marubeni	506
3610	2500	Marui	3440
452	330	Mazda Motors	433
1960	800	Meiji Seika	1130
2700	1460	MEI	2690
4200	2010	M'bishi Bank	3080
1270	731	M'bishi Chem	1140
1640	960	M'bishi Corp	1250
680	408	M'bishi Elec	659
3490	2380	M'bishi Estate	2520
662	430	MHI	605
3030	1310	Mitsui Bank	2650
939	530	Mitsui Co.	790
3100	1850	Mitsui Estate	2270
804	335	Mitsui Toatsu	701
1840	1020	Mitsukoshi	1710
1,040	807	NGK Insulators	1020
3120	1510	Nikko Sec	2500
1670	1050	Nippon Denso	1670
2200	1400	Nippon Elect	2180
1610	1040	Nippon Express	1150
1920	1270	Nippon Gakki	1920
1230	600	Nippon Kogaku	1200
367	230	Nippon Kokan	285
1510	1120	Nippon Oil	1400
659	439	Nippon Seiko	630
1470	1000	Nippon Shimpan	1390
398	171	Nippon Steel	341
675	460	Nippon Suisan	600
691	443	Nippon Yusen	572
765	550	Nissan Motor	714
1450	728	Nisshin Flour	1350
5900	2920	Nomura	4600
1390	948	Olympus	1260
845	540	Onada Cement	808
2250	1010	Orient Finance	1500
4360	15	Orient Leasing	3860
3300	1600	Pioneer	3290
1290	700	Ricoh	1290
2050	1610	Sankyo	1780
3610	1610	Sanwa Bank	2810
580	361	Sanyo Elect	521
2233	1233	Sapporo	1940
2640	1660	Sekisui House	2410
8490	7850	Seven-Eleven	8140
1340	816	Sharp	1320
1190	723	Shimizu Const.	970
1980	1550	Shionogi	1700
2,350	1680	Shiseido	2300
710	362	Showa Denko	650
5380	2720	Sony	5380
4930	2560	S'tomo Bank	3810
970	395	Sumitomo Chem	890
1120	930	Sumitomo Corp	1050
1870	1460	S'tomo Elect	1750
270	140	S'tomo Metal	240
1350	892	Taisei Corp	1030
1570	971	Taisho Marine	1150
1900	780	Taiyo Kobe Bank	1650
3630	2480	Takeda	3270
5650	2660	TDK	5650
880	660	Teijin	880
2250	1620	Toa Nenryo Kyo	2080
2600	1180	Tokai Bank	2440
2890	1810	Tokyo Marine	2180
9350	5600	Tokyo Elect Pwr	6030
1570	925	Tokyo Gas	1010
2100	1270	Tokyu Corp	1470
1780	1410	Toppan Print	1690
790	555	Toray	770
795	585	Toshiba Elect	680
3050	1910	Toyo Seikan	2990
2190	1460	Toyota Motor	2190
530	298	UBE Inds	480
3380	1690	Victor	3200
900	603	Yamaha	870
3100	1500	Yamaichi Sec	2540
4900	3630	Yamanouchi	4720
1900	1490	Yamazaki	1580
1560	935	Yasuda Fire	1120

SWEDEN

1987 High	Low	Aug. 14	Price Kroner
223	142	AGA (free)	216.00
343	261	Alfa-Laval	322.00
453	286	ASEA (Free)	435.00
300	200	Astra (Free)	270.00
198	140	Atlas Copco	198.00
240	136	Beijer A Fria	230.00
360	143	Cardo (Free)	265.00
380	235	Cellulosa	353.00
331	274	Electrolux B	309.00
298	189	Ericsson	258.00
201	124	Esselte	197.00
435	210	Mo Och Domsjo	435.00
254	187	Pharmacia	254.00
279	208	Saab-Scania (free)	260.00
204	135	Sandvik	204.00
206	110	Skandia Ins.	206.00
309	229	Skandia Intl.	290.00
143	104	Skan Enskilda	141.00
397	310	SKF	377.00
411	269	St. Kopparbergs	408.00
520	380	Svka Handelsbn	520.00
116	82	Swedish Match	115.00
379	261	Volvo B (Free)	379.00

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ∅ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO
Closing prices August 14

Sales	Stock	High	Low	Close	Chng
6603	AMCA Int	$13¼	12¾	13	
33203	Abitibi Pr	$35⅞	35½	35½	−¼
32000	Agnico E	$36¾	34⅝	34⅞	−1⅛
76021	Albrta En	$25¼	25	25	
14950	Albrta N	$15⅜	15⅛	15⅜	+¼
183378	Alcan	$46⅜	45⅞	46	−⅜
102	Algo Cent	$23¼	23⅛	23¼	
1506	Algoma St	$20	19⅞	19⅞	−¼
8350	Asamera	$13⅞	13¼	13¼	−⅝
32650	Atco I f	$14⅜	13⅝	13⅝	−⅝
1100	Atco II	$14½	13⅞	13⅞	−⅜
1100	BC Sugar A	$31	31	31	−¼
6988	BGR A	$14⅞	14½	14⅝	
5210	BP Canada	$26¾	26½	26½	−½
11200	Banister C	$12⅝	12¼	12⅝	+¼
61265	Bk BCol	73	65	73	+6
80298	Bk Montl	$34⅝	34⅜	34½	
74277	Bk NScot	$18⅝	18½	18⅝	
161163	Bell Can	$42⅝	42⅛	42⅛	−⅛
41958	Bow Valy	$19⅞	19⅝	19¾	−⅛
3500	Bralorne	265	260	265	
1740	Bramalea	$23¾	23½	23⅝	−⅛
76238	Brascan A	$41¾	40⅝	41¾	+1
83650	Brkwater	$9⅛	8¾	8⅞	+⅛
1000	Brenda M	$15¾	15¾	15¾	
20726	BC ForP	$25⅜	24⅞	25	−⅜
24520	BC Res	117	114	117	+2
20113	BC Phone	$28	27¾	28	
3890	Brunswk	$17⅞	17¾	17¾	
48854	CAE	$10⅞	10⅝	10¾	
7740	CCL B f	$15⅛	14⅞	15	−⅛
415	CIL	$34	33⅝	33⅝	
4712	Cad Frv	$30¾	30½	30½	−¼
39030	Cambridg	$30⅝	30	30¼	−¼
12222	Camp Res	365	350	360	−15
1610	Camp Soup	$20⅞	20½	20⅞	+⅜
238150	Campeau f	$27¼	25½	25½	−1¾
9694	CCom ex p	$19¼	18¼	18¼	−¼
35007	CDC f	$14⅞	14⅜	14⅜	−½
2350	Can Malt	$26¼	25⅝	25⅝	−⅞
17138	C Nor West	$26	25¼	25¼	−½
1600	C Packrs	$16⅛	16	16⅛	+⅛
4343	CS Pete f	370	370	370	
500	Can Trust	$77	77	77	−1
1900	Cdn GE	$22	21½	21½	−½
50	CG Invest	$53⅜	53⅜	53⅜	
284524	Cl Bk Com	$22⅞	22½	22⅞	+⅛
4900	C Marconi	$21⅝	21⅝	21⅝	+⅛
22793	C Occidental	$42⅞	42	42⅞	
405195	CP Ltd	$29½	28⅝	29⅛	+⅜
33841	CTire A f	$15⅛	15	15	
17699	CUtil A f	$20½	20⅛	20⅛	−⅜
3642	CUtil B	$20⅜	20⅛	20⅛	−¼
28750	Canfor	$35⅝	35	35¼	−⅜
650	Canron A	$17¼	17¼	17¼	−⅛
150	Cara	$12½	12½	12½	
312361	Carma A	40	38	38	+1
1100	Celanese	$23⅜	23⅛	23⅛	+¼
11000	CentFd A	$9½	9⅜	9⅜	
400	Centl Tr	$23¾	23¼	23¼	−¼
2650	Chieftan	$14½	14½	14½	−⅛
610	CHUM B f	$17⅞	17⅞	17⅞	+⅛
112515	Cominco	$22¼	21¾	21¾	−½
106100	Computog	$9	8½	8¾	−⅛
3650	Comterm	86	84	86	+2
21350	Con Bath A	$20⅜	20⅛	20⅛	−⅛
1600	CDistb B f	470	465	465	−10
7310	Cons Gas	$26½	26⅛	26½	
500	Con Glass	$25⅝	25⅝	25⅝	
800	CTL Bank	315	310	310	+5
1500	Conwst B	$14¼	14½	14⅝	−⅛
700	Corby	$20½	20½	20½	+¼
212330	Costain Ltd	$13	12	12	−¼
16305	Coseka R	121	115	115	−7
2970	Crownx	$18¾	18⅜	18¾	+⅜
57458	Crownx A f	$8⅞	8⅝	8⅞	+⅛
4600	Czar Res	225	218	221	+1
22414	Denison A p	$9¼	9	9	
12001	Denison B f	$8⅝	8⅝	8⅝	
3000	Develcon	415	415	415	
23350	Dickhsn A f	$13⅝	12⅝	12⅞	−⅝
200	Dickhsn B	$13⅝	13⅝	13⅝	+¼
39547	Dofasco	$30	29⅞	29⅞	
119008	Dome Pete	119	117	119	
25584	D Textile	$21	20⅝	20¾	+⅛
20600	Domtar	$22¼	21⅞	22⅛	+⅛
200	Donohue	$39½	39½	39½	+½
3700	Du Pont A	$33	32⅞	33	+¼
13694	Dylex A	$16	15¾	15⅞	
800	E-L Fin	$65	65	65	
191220	Echo Bay	$35½	32⅝	33	−2⅛
5500	Emco	$14⅞	14⅝	14⅝	−¼
300	FCA Intl	$15¾	15¾	15¾	
231232	Fcnbrdg	$30¼	29⅝	29¾	−⅜
15500	Fed Ind A	$18⅜	18¼	18⅜	+⅛
36728	Fed Pion	$13⅛	13⅛	13⅛	
16100	FCity Fin	$20	19½	20	+¼
50	Ford Cnda	$189¾	189¾	189¾	
29073	Gandalf	$10⅛	9⅞	10	−¼
12000	Geac Comp	250	240	245	−5
3966	Gendis A	$19⅜	18¾	18¾	
4470	Giant Yk	$30½	29½	29½	−1¼
11600	Gibrltar	$12⅜	11⅞	12	−¼
74265	Goldcorp f	$11⅛	10⅞	10¾	−¼
1500	Grafton A f	$18⅞	18½	18¾	−¼
1150	GL Forest	$54½	53½	53½	−2½
598	Greyhnd	$25	25	25	−⅜
26300	GuerPA f	$20½	20¼	20⅜	
1420	Hawker	$29⅝	29½	29½	
5692	Hayes D	$12⅞	12½	12⅞	+⅜
157805	Hees Intl	$25¾	25⅜	25⅝	+¼
9987	H SayMn s	$13	12⅝	12⅝	−⅜
3626	H Bay Co	$25⅜	25	25⅜	+⅛
42065	Imasco	$36¾	36½	36½	−⅛
72825	Imp Oil A	$81	79	79	−⅞
134248	Inco	$28⅛	28¼	28¼	−⅛
1500	Indal	$13½	13½	13½	−⅛
5439	Inland Gas	$16⅜	16¼	16¼	−⅛
11500	Innopac	$11¾	11⅝	11⅝	+⅛
11442	Inter City	$18⅞	18⅝	18½	
73486	Intl Thom	$15⅞	15⅝	15⅝	−⅛
10851	Intpr Pipe	$54¾	54½	54⅝	+⅛
2535	Ipsco	$14⅛	14	14	−¼
23200	Ivaco A f	$17⅛	16⅞	16⅞	−⅛
23050	Jannock	$22¼	22½	22¼	
5400	Kerr Add	$29	29	29	
3524	Kiena Gld	$21¼	20⅞	21¼	+⅛
98540	Labatt	$29½	29¼	29¼	−¼
60267	LL Lac	$48	46⅝	47¼	−⅜
54880	Lacana	$22⅝	21⅝	21⅞	
26475	Laidlaw A	$22⅝	22	22⅛	
285872	Laidlw B f	$21⅝	21⅛	21¼	−⅛
46630	Leigh Inst	$6½	6¼	6½	
6940	Loblaw Co	$16⅛	15¾	15¾	−⅜
39700	Lumonics	$10½	10⅜	10½	
1300	MICC	$17½	17½	17½	
4000	MSR Ex	390	365	390	+40
21300	Mclan H X	$24¼	24½	24⅝	+⅛
26500	Mcln HY f	$22⅝	22⅛	22¼	
61383	Macmilan	$29¾	29½	29½	−¼
26375	Magna A f	$23¾	23⅜	23¾	+¼
9314	Maritime f	$16¾	16⅝	16¾	+⅛
1800	Mc Intyre	$61	60	60	−½
12900	Minrl Res	$5⅛	475	475	−25
9400	Mitel Corp	$6	5⅞	5⅞	−⅛
13000	Moffat	$17	16¾	16⅞	+⅛
12248	Molson A f	$26⅞	26⅝	26⅞	+¼
1170	Molson B	$27	26¾	27	+½
763	Monaco A f	450	450	450	
4900	M Trusco	$16⅞	16¾	16¾	
319540	Moore	$32⅞	32½	32⅝	−⅛
134	Murphy	$31	31	31	
59725	Nat Bk Can	$14⅜	14⅛	14¼	
9530	Nt Vg Trco	$23¾	23¼	23⅜	
3400	Nfl CapA f	$11¾	11½	11¾	+½
3540	Nfld LP A	$20¾	20⅝	20⅝	
397653	Noranda	$37⅜	36¾	36⅞	−⅞
14789	Norcen	$26¼	25½	25½	−¾
16147	Norcn ord f	$22½	22	22	−⅜
22457	NC Oils	$21¾	20½	20½	−1
231236	Nor Tel	$32	31⅝	31⅞	−⅛
19600	Northgat	$10½	10½	10½	
372075	Nva AltA f	$10½	10⅜	10⅜	
21547	Nowsco W	$23¼	22⅞	22¾	−⅜
141265	Nu West	52	50	52	+2
12300	Numac	$11⅝	11½	11½	
400	Oakwood	375	370	375	+5
16600	Oakwd A f	215	210	215	
6600	Ocelot B f	$6¼	6¼	6¼	−⅛
77200	Omega Hyd	$8¾	8⅝	8¾	
38479	Oshawa A f	$21¼	21	21	−⅜
21085	PacW Airl	$24½	24¼	24½	+⅛
61700	Pgurin A f	$13	12⅞	12⅞	
200	Pamour	$15¼	15¼	15¼	
17400	PanCan P	$34	33½	34	+½
87093	Pegasus	$30⅜	28⅞	29⅛	−⅝
100	Pembina	$19¼	19¼	19¼	
11300	PJewl A f	$14¼	14¼	14¼	
315	Pine Point	$17¼	17¼	17¼	+⅛
119400	Poco Pet	$19¾	18¾	18⅞	−⅞
60843	Powr Cor f	$18¾	18½	18⅝	+⅛
125	Precamb	360	360	360	−15
53570	Provigo	$12¾	12½	12⅝	+⅛
7450	Que Sturg	$7⅝	7⅛	7⅛	−⅜
151405	Ranger	$8⅞	8½	8¾	+¼
4095	Rayrock f	$14	13¾	13⅞	+⅛
13600	Redpath	$12⅞	12½	12⅞	+⅛
5600	Regionl R	395	380	380	−20
26003	Renisance	$30	29¾	29⅞	−⅛
32590	Repap f	$17⅜	17⅛	17⅛	−⅛
2300	Rio Algom	$23	22⅞	23	
1600	Rogers A	$25¾	25¼	25¼	−⅜
40240	Rogers B f	$25⅛	25	25	−⅛
7756	Roman	$18¼	18¼	18¼	−¼
21725	Rothman	$50⅝	49¾	50⅝	+1⅛
273551	Royal Bnk	$36½	36¼	36½	+¼
13501	RyTrco A	$17⅞	17⅛	17⅜	+⅛
160542	Royex	$6¼	5¾	6	
4060	SHL Syst	$29⅞	29⅝	29⅞	−¼
6475	StL CemA f	$32	31¼	32	+¾
318746	Sceptre	$5⅛	485	5	−⅜
1650	Scot Paper	$19⅞	19¾	19⅞	+¼
200150	Scotts f	$13¾	13⅜	13½	+⅛
1000	Scotts C	$13¾	13⅝	13⅝	+½
31651	Seagram	$109½	107⅞	108¼	−1
116375	Sears Can	$12⅛	11¾	12	+⅛
1000	Selkirk A f	$24	24	24	−¼
69100	Shell Can	$51⅞	50	50½	−1⅛
10926	Sherritt	$6¼	6¼	6¼	
154	Sigma	$19	19	19	−½
50750	Southm	$25½	25½	25½	
7535	Spar Aero f	$19¾	19½	19⅝	−⅛
1904	Steinbg A f	$40	39¾	40	+½
220491	Stelco A	$29	28⅞	28⅞	
65154	Teck B f	$36	35½	35½	−¼
100	Tele Met	$29	29	29	
20207	Terra Mn	240	236	240	+5
23381	Texaco Can	$40¾	40⅜	40½	−⅛
19471	Thom N A	$33⅞	33⅝	33⅞	
54592	Tor Dm Bk	$31⅜	31	31¼	−⅛
845	Tor Sun	$20¾	20⅝	20⅝	
25850	Torstar B f	$35⅛	34½	34½	−¾
78500	Total Pet	$28¼	27½	27¾	+½
21	Traders A f	$72⅞	72⅞	72⅞	
400	Trns Mt	$16⅞	16⅝	16⅞	+¼
497198	TrnAlta UA	$28¾	28½	28⅝	
48554	TrCan PL	$18⅞	18¾	18¾	
22436	Trilon A	$21½	21	21⅛	−⅜
26679	Trimac	$6	5⅞	5⅞	−⅛
16700	Trinity Res	110	100	110	+10
4850	Trizec A f	$31½	31¼	31¼	−¼
11300	Trizec B	$34	33¾	34	+¼
108192	Ulster P	370	350	355	−15
500	Un Carbid	$18¼	17¾	17¾	−¼
82510	U Entprise	$11⅛	11	11⅛	+⅛
6200	U Canso	130	130	130	
68	Un Corp	$53⅞	53⅞	53⅞	
260	Vestgron	$6¼	5¾	5¾	−¼
23800	Vulcan Ind	300	290	300	+2
25204	Wcoast T	$19⅛	18⅞	18⅞	−⅛
11780	Westmin	$13¾	13⅝	13⅝	
12220	Weston	$44	43½	43¾	−¼
9849	Woodwd A	$7	6⅞	7	+⅛

F—No voting rights or restricted voting rights.

MONTREAL
Closing prices August 14

Sales	Stock	High	Low	Close	Chng
31248	Bank Mont	$34¾	34⅜	34⅜	−¼
11454	BombrdrA	$12¾	12⅝	12¼	−⅛
197366	BombrdrB	$12¾	12⅛	12⅛	−¼
2400	CB Pak	$20¼	20¼	20¼	+¼
49710	Cascades	$11⅝	11⅜	11⅜	−⅛
41440	ConBath	$20⅜	20⅛	20⅛	
4046	DomTxtA	$20⅞	20⅝	20¾	−⅛
6150	MntTrst	$16⅞	16¾	16¾	
42793	NatBk Cda	$14⅜	14⅛	14⅛	−⅛
13775	Noverco	$12¾	12½	12½	−⅛
34605	Power Corp	$18¾	18⅝	18⅝	
60336	Provigo	$12¾	12⅝	12½	
10350	Repap Entr	$17⅜	17⅛	17⅛	−⅛
750	RollandA	$14¾	14½	14½	−½
29731	Royal Bank	$36⅝	36¼	36⅜	
11715	SteinbrgA	$40¼	39½	39¾	+⅛
11986	Videotron	$15	14⅝	15	+⅜

Sales 7,767,361 shares

OVER-THE-COUNTER
Nasdaq national market, closing prices August 14

Continued from Page 27

Stock	Sales (Hnds)	High	Low	Last	Chng
Reeves	23 5879	13¾	12⅞	13⅜	+⅛
RgcyEl .20	1320	6⅝	6¼	6⅝	
SonocPs .44	22 608	30½	29⅞	30½	+1½
SCarNs .56	11 352	24¾	24⅝	24⅝	−⅛
UtdSvrs .72	6 182	22¼	21¾	22¼	+⅜
US Bcs .80	10 505	27⅞	27⅝	27⅝	−⅛

[illegible]

Indices

NEW YORK — DOW JONES

	August 14	August 13	August 12	August 11	1987 High	1987 Low	Since compilation High	Since compilation Low
♦Industrials	2685.43	2691.49	2669.32	2680.48	2691.49 (13/8)	1927.31 (2/1)	2691.49 (13/8/87)	41.22 (2/7/32)
Home Bonds	87.86	87.74	87.63	87.55	95.51 (9/2)	87.07 (22/5)	— (—)	— (—)
Transport	1101.16	1099.97	1094.18	1100.11	1101.16 (14/8)	816.38 (2/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	213.79	212.96	209.87	210.76	227.83 (22/1)	191.39 (20/5)	227.83 (22/1/87)	10.5 (8/4/32)

♦Day's High 2713.33 (2714.92) Low 2660.08 (2656.57)

STANDARD AND POOR'S

	August 14	August 13	August 12	August 11	1987 High	1987 Low	Since compilation High	Since compilation Low
Composite‡	333.99	334.65	332.39	333.33	334.65 (13/8)	246.45 (2/1)	334.65 (13/8/87)	4.40 (1/6/32)
Industrials	389.48	390.59	388.53	389.85	390.59 (13/8)	274.58 (2/1)	390.59 (13/8/87)	3.62 (21/6/32)
Financials	32.33	32.41	31.96	31.72	32.41 (13/8)	25.97 (29/5)	32.41 (13/8/87)	8.64 (1/10/74)
NYSE Composite	186.69	186.95	185.70	186.13	186.95 (13/8)	141.01 (2/1)	186.95 (13/8/87)	4.46 (25/4/42)
Amex Mkt. value	363.61	365.01	363.90	363.89	365.01 (13/8)	267.49 (2/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	451.61	451.55	449.23	449.36	451.61 (14/8)	353.26 (2/1)	451.61 (14/8/87)	54.87 (3/10/72)

	Aug. 7	July 31	July 24	year ago (approx.)
Dow Industrial Div. Yield	2.62	2.68	2.77	3.80

	Aug 13	Aug 6	July 30	year ago (approx.)
S and P Industrial Div. Yield	2.33	2.32	2.32	2.99
S and P P/E ratio	23.92	24.62	24.39	18.11

TRADING ACTIVITY † Volume

Millions	Aug. 14	Aug. 13	Aug. 12
New York	196.12	217,977	238,380
Amex	13.448	14,020	15,231
OTC	—	160,212	172,117

NEW YORK	Aug. 14	Aug. 13	Aug. 12
Issues Traded	2,013	1,990	1,997
Rises	749	941	663
Falls	845	690	197
Unchanged	419	359	417
New Highs	—	156	143
New Lows	—	21	14

CANADA

TORONTO

	August 14	August 13	August 12	August 11	1987 High	1987 Low
Metals & Minerals	3376.9	3425.6	3434.8	3462.3	3483.6 (4/8)	1988.2 (2/1)
Composite	4083.3	4112.9	4105.0	4104.2	4112.9 (13/8)	3067.8 (2/1)
MONTREAL Portfolio	2052.73	2063.92	2053.04	2051.22	2224.77 (16/7)	1534.3 (2/1)

	Aug. 14	Aug. 13	Aug. 12	Aug. 11	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	2108.6	2104.6	2096.0	2084.2	2108.6 (14/8)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1414.5	1419.0	1411.5	1418.8	1453.3 (4/8)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	215.04	215.84	215.81	215.67	230.60 (2/1)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	5404.40	5415.20	5395.30	5331.70	5415.20 (13/8)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	—	204.32	205.72	205.78	217.57 (22/1)	189.64 (6/1)
FINLAND						
Unitas General (1975)	602.0	600.4	600.7	603.8	616.6 (28/7)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	(u)	404.60	(u)	406.10	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	106.90	104.40	103.80	103.70	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	663.36	656.40	663.92	661.43	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	2041.1	2020.10	2044.60	2036.50	2056.10 (10/8)	1633.8 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	3512.15	3514.27	3557.43	3546.52	3557.43 (12/8)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	634.34	635.78	637.53	622.00	767.34 (30/4)	622.00 (11/8)
JAPAN**						
Nikkei (16/5/49)	25494.01	25575.74	25559.28	25282.97	25929.42 (17/6)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2105.96	2115.89	2115.99	2091.22	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	334.10	333.50	333.90	332.30	334.10 (14/8)	257.7 (28/1)
ANP CBS Indust. (1970)	278.20	277.30	279.60	280.80	280.80 (11/8)	243.7 (28/1)
NORWAY						
Oslo SE (4/1/83)	526.55	529.01	520.10	519.86	529.01 (13/8)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1476.39	1482.20	1491.20	1490.09	1491.20 (12/8)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	2328.0	2356.0	2359.0	2499.0 (3/8)	1786.0 (19/3)
JSE Indust (28/9/78)	—	2226.0	2212.0	2216.0	2226.0 (14/8)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	290.76	289.18	291.90	292.57	294.57 (4/8)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	2985.80	2975.50	2964.80	2960.50	2985.80 (14/8)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Corp (31/12/58)	685.00	678.70	681.50	682.20	685.00 (14/8)	559.7 (25/2)
WORLD						
M.S.Capital Intl. (1/1/70)	—	480.80	479.4	476.8	480.80 (14/8)	361.3 (2/1)

**Saturday August 8: Japan Nikkei Closed

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Mag Mchwk.	6,243,900	15⅛	−⅛
Chrysler	2,276,300	45⅛	+¼
IBM	2,116,100	173⅛	−⅛
Hanson Tr.	2,014,900	15⅛	+¼
Gen. Elec.	1,991,300	64	−¼
Paradyne	1,964,700	8⅜	+1⅛
Lomas Nel.	1,964,100	31½	−1⅛
Navistar	1,882,300	7½	−⅛
Gen. Motors	1,849,700	93½	+2
Transamer	1,827,800	48½	+3⅜

Closing prices, August 14

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock		Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
38⅝	20⅝	AAR	s	.50	1.4	23	60	35½	34¾	35	−⅝
37	22	ADT		.92	2.7	19	1328	34¾	33⅛	34¼	+1⅛
31¼	16¾	AFG	s	.16	.5	10	376	29½	28⅞	29¼	+¼
22⅝	8⅝	AGS	s			18	644	20¼	19½	19⅝	−⅝
10⅞	6¾	AMCA					125	9⅞	9⅞	9⅞	
9⅝	4⅞	AM	Intl				2499	8⅝	7⅞	8⅜	+⅛
65½	50⅛	AMR				13	5253	65⅛	64⅛	64⅝	−⅝
27½	24⅞	ANR	pf	2.67	10.		5	25½	25⅛	25½	
11¾	6⅛	ARX	s			12	22	10½	10¼	10⅜	+⅛
73½	31¼	ASA		2a	3.1		1381	65¾	64	64⅝	+¼
20	9¾	AVX			1.8	36	168	18⅝	18	18⅛	+⅛
67	41	AbtLab		1	1.5	26	4004	65⅝	64¼	64⅝	−⅞
28	24¼	Abitibi	g				138	27	26¾	27	
18¾	9	AcmeC		.40	2.6	16	64	15⅝	15½	15⅝	−¼
23⅞	19	AdaEx		3.42e	15.		124	22½	22⅛	22¼	+⅛
18½	11⅜	AdmMl	s	.24	1.6	12	12	15⅝	14¾	15⅝	+½
25⅞	12⅞	AdvSys		.62t	2.5	18	169	25⅝	25	25⅛	−¼
34½	12⅞	AMD					4524	20½	20	20	−½
54¾	47	AMD	pf	3	5.7		1	52⅝	52⅝	52⅝	+⅝
11⅞	6¼	Adobe					452	10⅝	10⅛	10⅜	−⅛
20½	14¾	Adob	pf	1.84	9.3		21	20	19⅞	19⅞	−⅛
21⅞	17	Adob	pf	2.40	11.		5	21¼	21	21¼	+⅛
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 27

NYSE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
81¾	51	Xerox	3	3.6	18	11107	u82⅜	80½	82½	+1⅜
58¼	54¼	Xerox pf5.45		9.9		14	55½	55¼	55¼	−¼
31½	21½	XTRA	.64	2.1	24	31	30⅝	29¾	30⅝	+⅝
28¾	15	Yorkin			14	245	u28⅞	28	28¼	−¼
7¼	2¼	Zapata				389	6	5⅜	5⅝	−¼
32⅞	20¾	Zayre	.40	1.3	16	2034	30¼	29¾	29¾	−⅜
14¾	9¾	Zemex	.40	3.0	8	13	13⅜	13⅛	13⅛	
33½	18⅞	ZenithE			132	1614	u33⅜	32⅞	32⅞	−⅜
13½	8	ZenLab				3817	9½	8	8⅜	−1⅛
26⅜	18¾	ZenNtl	.80	3.5	14	257	23⅜	22⅞	22⅞	−⅛
20¼	12⅝	Zero	.36	1.8	20	407	u20⅜	19⅞	20⅛	+⅛
30¾	17½	Zurmin s .68		2.4	19	305	28½	28¼	28½	+⅛
10⅜	8¾	Zweig n.65e		6.5		1065	10	9⅞	10	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Closing prices, August 14

OVER-THE-COUNTER

Nasdaq national market, closing prices, August 14

Continued on Page 25

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

US trade figures pose questions about dollar

by COLIN MILLHAM

ECONOMIC FUNDAMENTALS began to influence the foreign exchanges again last week, and if the market is forced to look at statistics for guidance it must be questioned how long the dollar can hold on to levels of around DM 1.90 and Y150.

Last week's refunding auctions by the US Treasury were regarded as successful, particularly Thursday's 30-year bond auction. Japanese participation was put at the top of the expected 20 per cent to 40 per cent range, and according to Nomura Research Institute may have been as high as 50 per cent.

This set a very favourable tone for Friday's June US trade figures. A reduction in the May trade deficit of $14.4bn was widely forecast, mainly because of undercounting in US exports to Canada, and the market hoped the median forecast of around $13bn might even prove pessimistic.

The deficit of $15.71bn was therefore particularly disappointing, and without the revision for Canadian undercounting the shortfall would have been a record $16.32bn.

This was too much for the market to shrug off, and the dollar fell sharply. Warnings by economists that the dollar will fall in the last quarter, because of a worsening trade balance, are now more likely to have an earlier impact.

Nomura Research Institute in London says that given the US policy aim of securing a significant fall in the trade deficit the authorities will want to see a controlled depreciation in the dollar, perhaps to Y135 by March next year.

Even an encouraging rise of 0.8 per cent in July US industrial production, against forecasts of around 0.3 per cent to 0.4 per cent failed to lift the gloom surrounding the dollar on Friday.

Thursday's rise of 0.8 per cent in July US retail sales was also about double the level expected, but set against the trade deficit these figures could not provide support.

Merrill Lynch suggested there may be help for the dollar from an upward revision to second quarter US Gross National Product growth on Friday. This was put at 2.6 per cent last month.

The other figure of major importance to the market this week is likely to be Friday's US consumer price index for July. This is expected to show an unchanged rise of 0.4 per cent, putting the year-on-year inflation rate up to 4.1 per cent from 3.7 per cent. Energy prices are likely to provide upward pressure on inflation.

Sterling survived last week's economic news without any problems. The June trade figures did not renew fears the British are spending too heavily on imports, and although industrial production fell 1 per cent in June, this was because of a sharp decline in oil production. Manufacturing output rose 0.5 per cent.

Tomorrow's figure on second quarter gross domestic product growth may therefore be encouraging. Money Market Services forecasts growth of 0.9 per cent, and Merrill Lynch said it was revising up its estimate of 0.7 per cent after the manufacturing output figure.

July retail sales today are forecast by stockbroker James Capel to be unchanged, but to rise 1 per cent according to Morgan Grenfell, which is still well down from the sharp climb of 3.1 per cent in June.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
112	5.23	6.09	0.01	0.49
114	3.24	4.41	0.02	1.17
116	1.34	3.25	0.12	2.01
118	0.22	2.27	1.00	3.03
120	0.03	1.40	2.45	4.16
122	0.00	1.04	4.42	5.44
124	0.00	0.42	6.42	7.18
126	0.00	0.24	8.42	9.00

Estimated volume total, Calls 2,321 Puts 1,496
Previous day's open int: Calls 37,621 Puts 21,699

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
82	8.08	7.30	0.00	0.20
84	6.08	5.50	0.00	0.40
86	4.10	4.16	0.02	1.08
88	2.13	3.02	0.05	1.56
90	0.48	2.02	0.40	2.56
92	0.08	1.19	2.00	4.09
94	0.01	0.50	3.57	5.40
96	0.00	0.29	5.56	7.19

Estimated volume total, Calls 272 Puts 712
Previous day's open int: Calls 1,905 Puts 1,317

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Aug.	Calls—Last Sept.	Puts—Last Aug.	Puts—Last Sept.
22750	4.74	8.08	1.59	4.95
23000	3.25	6.75	2.60	6.10
23250	2.10	5.57	3.95	7.42
23500	1.27	4.54	5.62	8.89
23750	0.72	3.66	7.57	10.51
24000	0.38	2.92	9.73	12.27
24250	0.18	2.29	12.03	14.14
24500	0.08	1.78	14.48	16.13

Estimated volume total, Calls 56 Puts 46
Previous day's open int: Calls 396 Puts 298

£ IN NEW YORK

Aug. 14	Close	Previous Close
£ Spot	1.5870-1.5880	1.5785-1.5795
1 month	0.41-0.40 pm	0.41-0.40 pm
3 months	1.19-1.16 pm	1.20-1.17 pm
12 months	3.85-3.75 pm	3.85-3.75 pm

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug. 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0928	+1.49	+0.77	±1.5344
Danish Krone	7.85212	7.99155	+1.78	+1.06	±1.6404
German D-Mark	2.05853	2.07386	+0.74	+0.02	±1.0981
French Franc	6.90403	6.92966	+0.37	−0.35	±1.3674
Dutch Guilder	2.31943	2.33802	+0.80	+0.08	±1.5012
Irish Punt	0.768411	0.775746	+0.95	+0.23	±1.6684
Italian Lira	1483.58	1503.62	+1.35	+1.23	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

EXCHANGE CROSS RATES

CURRENCY RATES

EURO-CURRENCY INTEREST RATES

CURRENCY MOVEMENTS

POUND SPOT—FORWARD AGAINST THE POUND

OTHER CURRENCIES

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.15-39.25.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5900	1.5860	1.5783	1.5681	1.5525
D-mark	2.9825	2.9681	2.9390	2.9000	2.8246
French Fr.	9.9700	9.9685	9.9665	9.9647	9.9615
Swiss Fr.	2.4775	2.4645	2.4398	2.4047	2.3365
Yen	238.50	237.25	235.00	231.75	226.25

LONDON

CHICAGO

CURRENCY FUTURES

MONEY MARKETS

London rates set for stability

INTEREST RATES stabilised in London last week, after a series of UK economic figures which were not particularly inspiring, but much better than feared when the authorities engineered a rise in bank base rates.

Fears that bad figures would force another rise in base rates have faded. Kleinwort Grieveson Securities in its monthly review says it is difficult to argue that monetary policy is not tight enough, with narrowly defined M0 money supply growth well within the 2-6 per cent targe range.

July money supply and bank lending figures will be published Thursday. A survey by Money Market Services points to a rise of 1 per cent in M0 in July. Morgan Grenfell expects a rise of only 0.5 per cent, for a year-on-year rise of 4 per cent, but Merryll Lynch in London forecasts 1.3 per cent, to give a year-on-year growth figure of 5.4 per cent.

This would be heading towards the top of the target range, but Merryll Lynch believes the July rise will be because of an exceptional build up of bankers balances ahead of the BAA share offer. Growth is expected to fall back again in August.

UK clearing bank base lending rate 10 per cent since August 7

If, as many City economists believe, there is no reason to expect any further rise in UK interest rates this year, the prospects of a fall seem equally remote.

Apart from the wish of the authorities to dampen credit expansion, the trend in international rates is not favourable. The West German Bundesbank continues along a very tight monetary path, and recent events suggest firmer interest rates in Tokyo and New York.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 14) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 11/16	offer 6 13/16	bid 7 1/16	offer 7 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

BANK OF ENGLAND TREASURY BILL TENDER

	Aug 14	Aug 7		Aug 14	Aug 7
Bills on offer	£300m	£300m	Top accepted rate of discount	9.6865%	9.7868%
Total of applications	£1,590m	£1,104m	Average rate of discount	9.6809%	9.7668%
Total allocated	£300m	£300m	Average yield	9.92%	10.0%
Minimum accepted bid	£97.585	£97.560	Amount on offer at next tender	£300m	300m

WEEKLY CHANGE IN WORLD INTEREST RATES

MONEY RATES

NEW YORK (4 pm)

		Treasury Bills and Bonds			
Prime rate	8¼	One month	5.38	Three year	7.85
Broker loan rate	7¾	Two month	5.66	Four year	8.04
Fed. funds	6⅝	Three month	6.14	Five year	8.16
Fed funds at intervention	6⅛	Six month	6.32	Seven year	8.40
		One year	6.87	10 year	8.57
		Two year	7.59	30 year	8.76